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## IMPLICATIONS FOR US-CHINA SECURITY COOPERATION

(US-CHINA) (U)

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STRATEGIC STUDIES INSTITUTE

UNITED STATES ARMY WAR COLLEGE

Carlisle Barracks, Pennsylvania 17013

IMPLICATIONS FOR US-CHINA SECURITY COOPERATION (US-CHINA) (U)

ACN 80044

FINAL REPORT

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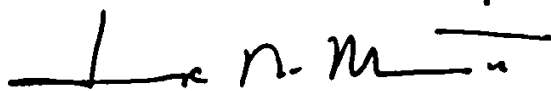
## FOREWORD (U)

(U) This document has been prepared in response to a study directive (Appendix A) initiated by the Deputy Chief of Staff for Operations and Plans, Department of the Army. This is a final report prepared by the Strategic Studies Institute, US Army War College. As such it does not reflect the official position of the Army War College or approval of the Deputy Chief of Staff for Operations and Plans, or Department of the Army. The findings of this report are not to be construed as an official Department of the Army position.

(U) Core members of the study team were Dr. Thomas L. Wilborn, Study Manager, Colonel James D. Delk, Dr. Keith A. Dunn, Dr. Ronald N. Montaperto, and Lieutenant Colonel Todd R. Starbuck. Mr. William V. Kennedy was an associate member. Secretarial support was provided by Mrs. Patricia A. Bonneau. Dr. Shirin Tahir-Kheli contributed the section on South and South-west Asia in Chapter 3.

(U) The study benefited from the comments of Mr. James R. Dimon, Central Intelligence Agency representative to the US Army War College, and the following SSI and US Army War College faculty members: Colonel Zane E. Finkelstein, Colonel Arthur F. Lykke, Jr., and Colonel Thomas R. Stone.

(U) This document should not be released to agencies other than those on the distribution list without prior approval of the Deputy Chief of Staff for Operations and Plans, Department of the Army.



JACK N. MERRITT  
Major General, USA  
Commandant

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## SUMMARY (U)

### 1. (U) US and Chinese Interests and Objectives in Security Cooperation.

a. (U) Historically, the United States has pursued its national interests without emphasizing its relations with China. Since the end of World War II, the Soviet Union has been the only nation considered a serious threat to the most salient US interests--those relating to survival, territorial integrity, and world order. This threat from the Soviet Union has also been the driving force in the developing relationship with China.

b. (U) US objectives in security cooperation with China include deterring both regional and global Soviet aggression; enhancing US warfighting capabilities in the event of a global war with the Soviet Union by obtaining the participation of the People's Liberation Army (PLA) or the use of Chinese military facilities; supporting the current, pragmatic leaders of China; and improving US access to scarce natural resources.

c. (U) China's primary interests and objectives relate to economic development, political maturity, and status and security in international relations. These interests and objectives can all benefit from relations with the United States. Through security ties with the United States, China hopes to cement the alignment with the United States against the Soviet Union; support the modernization of the PLA through US technical assistance, equipment, and technology; and attain greater international legitimacy.

d. (U) The Chinese approach to security tends to be balance of power oriented, stresses self-reliance, and is essentially defensive in nature. Cooperation with the United States entails disadvantages and risks for China. These include dependence on foreign partners, the possibility of conflict between opposing ideologies, and the potential for adverse social effects and domestic political vulnerability. Security cooperation also reduces flexibility on selected foreign policy issues, and would probably lead to increased tension with the Soviet Union.

### 2. (U) Global and Regional Impact of US-China Security Cooperation.

a. (U) Matrix. A matrix, shown as Appendix D of the study, has been developed to aid in the analysis. It consists of four options: institutionalized normalization, moderate relationship, significant relationship, and de facto alliance. The options include arms sales/technology transfers, training, plans/exercises, intelligence, and other activities. This matrix, along with US objectives, provides the framework for discussing the global and regional relations which will be affected by more extensive security cooperation with China.

b. (U) Soviet Union. While the United States and NATO continue to be the USSR's most significant military threat, it views China as a most troublesome, unpredictable, and intractable opponent. Even at present levels of security cooperation, the USSR perceives a basic strategic realignment opposing it. This helps the United States achieve its objective of insuring that the Soviet Union does not decrease its deployments opposite China, and compels Soviet planners to consider the possibility that Chinese forces and/or facilities might be made



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available to the United States in the event of a general war. Higher levels of security cooperation may reinforce this perception. Moreover, expanded security cooperation between China and the United States could have a far reaching effect on the overall national security decisionmaking process of the Soviet Union. There are two tendencies, "traditionalist" and "pragmatist," within the USSR. The former is generally more inclined to support confrontational policies and to emphasize especially the inherent dangers in cooperation with China. The pragmatist tendency, on the other hand, normally supports actions which recognize the benefits of superpower cooperation, especially on arms control. Proponents of the pragmatist tendency tend to recognize that China has a weak economy and limited absorptive capacity. They are also more likely than followers of the traditionalist tendency to emphasize conflicts between the United States and China, i.e., Taiwan. These conditions, they argue, could undermine US-China security cooperation. A US-China security cooperation program involving substantial transfer of arms (Options 3 or 4 in the Matrix) probably would undercut the pragmatist arguments, and thus enhance the influence of the traditionalist tendency over all Soviet security decisions.

c. (U) Japan and the Koreans. Japan, invariably considered the linchpin of US Asian policy, has entered into extensive and cordial relations with China, and, like China and the United States, has officially identified the Soviet Union as the principal threat to its security. But Japan is concerned about the prospect of a militarily strong China, and will offer little support for substantially expanded US-China security cooperation. A high level of security cooperation, including weapons transfers, would also be perceived by many Japanese as signalling a change of focus in America's Asia policy from Japan to China. This would further diminish the credibility of US security guarantees, possibly stimulating the Japanese to increase their own military capabilities--a development Washington has been seeking--but ultimately weakening the alliance with the United States. Moreover, the Japanese would be concerned about US-China relations which might cause the Soviets to increase their pressure on Japan. Since the Soviets already presume Japanese collusion in US-China security relations, Soviet hostility toward Japan would probably increase as US-China security cooperation deepened. Finally, US security cooperation, which actually improved China's military capabilities, might raise questions among the Japanese about the security of the two adjacent areas most critical to the security of Japan itself, i.e., Korea and Taiwan. South Korea probably has benefited from improved US-China relations, since China seems to be restraining North Korea on the reunification issue. With a program of US-China security cooperation involving the transfer of offensive weapons, however, South Korean leaders might be concerned that China's improved military capabilities could be used in the future to assist North Korea. In the North, the government of the Democratic People's Republic of Korea might react to expanded US-China security relations by associating itself more closely with the Soviet Union at the expense of its ties with China. Security cooperation with China will make it more difficult for the United States to reduce its presence on the Korean peninsula.

d. (U) Southeast Asia. At least for the near term, Singapore and Thailand would probably approve of closer Sino-American security relations because they would suggest a near identity of views between the United States and the PRC on Kampuchea as well as other international issues. Indonesia,

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Malaysia, and perhaps Burma, would probably disapprove because they prefer a relatively strong Vietnam to act as a buffer between China and non-Communist Southeast Asia and because a higher level of US-China security cooperation would imply that Chinese military capabilities will be improved more rapidly than otherwise might be the case. More generally, there is a prevalent perception--or fear--within these nations (also privately expressed in the Philippines, Singapore, and Thailand) that US-China security cooperation will improve China's ability to extend its influence over Southeast Asia. US relations with the government of Vietnam and its clients in Laos and Kampuchea will not be improved if the United States takes steps which directly contribute to improved Chinese military capabilities. Moreover, greatly expanded US-China security cooperation is likely to prolong Vietnam's dependence on the Soviet Union for military and economic assistance.

e. (U) South and Southwest Asia. The major nations of this area, India and Pakistan, would react to Option 3 or 4 security cooperation in almost opposite ways. India especially would be inclined to oppose the transfer of offensive weapons, thus providing an additional incentive (or excuse) for continuing or even expanding its security ties with the Soviet Union. On the other hand, US relations with Pakistan would be one of the few regional bilateral relationships which might improve as a result of closer US-China security relations. Chinese access to Islamabad is extremely good; the closer that the United States identifies with the PRC, the better will be US opportunities to influence Pakistani policies.

f. (U) Western Europe. Western Europe encourages moderate levels of security cooperation, but would probably oppose a relationship involving the transfer of offensive weapons from the United States to China. They would view such a program as a threat to detente and a return to the Cold War.

g. (U) Taiwan. Any US aid and assistance which serves to upgrade China's military capabilities adversely affects the security interests of the authorities on Taiwan. US-China security cooperation at Option 3 or 4 levels could force the Taiwan authorities to consider alternatives to present policies if sufficiently threatened. They might seek to align themselves with countervailing powers, such as Japan and South Korea or even the Soviet Union, or they might develop nuclear weapons. They also might seek an accommodation with the PRC, although this option seems less likely at the present time. Operationalizing and orchestrating a US policy designed to bring Taiwan and the PRC closer together by entering an extensive security relationship with the latter would appear to be both difficult and dangerous.

h. (U) Arms Control. China has consistently refused to participate in strategic arms control discussions. Chinese opposition to arms control could have an adverse impact on future strategic arms limitations negotiations, particularly if the Soviets perceive China as a tacit US partner due to US-China security cooperation. In that case, the Soviet Union would be even more hesitant to accept significant reductions in Soviet strategic systems. MBFR negotiations would also be complicated with a high degree of security cooperation between the United States and China since the interests of NATO and China are probably not compatible.

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## 3. (U) Conclusions.

a. (U) Advantages for the United States of expanding security cooperation with China include:

- (1) (U) more explicit recognition that China and the United States have parallel strategic interests,
- (2) (U) enhanced access to Chinese policymakers,
- (3) (U) improved US capabilities for intelligence collection,
- (4) (U) increased knowledge about China and the PLA, and
- (5) (U) more effective support for the current pragmatic leadership in China.

b. (U) Principal risks in expanding security relations with China to include the transfer of offensive weapons or weapons technology are:

- (1) (U) an adverse impact on US-Soviet relations,
- (2) (U) the possible assumption of a more direct role in China's defense by the United States,
- (3) (U) a Soviet preemptive attack on China,
- (4) (U) tension between NATO allies, who probably would view such a program as provocative to the Soviet Union,
- (5) (U) the use by China of improved military capabilities against friends and allies of the United States in Asia,
- (6) (U) strains in the security ties of Japan and the United States, and
- (7) (U) a requirement that US force levels be increased.

## 4. (U) Recommendations.

a. (U) The United States should pursue a program of expanded security cooperation with China which adheres to the following three principles:

- (1) (U) The overall relationship between the United States and China should be allowed to mature and develop on its own merits, and not be used solely as a lever against the Soviet Union.
- (2) (U) Security cooperation should not become the leading element of US-China relations.
- (3) (U) Arms sales and weapons technology transfers should not become the driving feature of US-China security cooperation.

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b. (U) Specifically, the United States should approve the sale of clearly defensive weapons and technology which may be requested after consultation with allies and friends in Asia. Other security cooperation activities (e.g., training, plans/exercises, intelligence, and other categories shown on the matrix), which do not imply the use of offensive American weapons or a military alliance, should be implemented.

5. (U) Implications for the US Army. If a program of expanded security cooperation is implemented:

a. (U) The US Army should assume the leading role among the services.

b. (U) Army deployments in Asia and the Pacific--including the deployment of the 2d Infantry Division in Korea--must be maintained at present levels, or expanded if Option 3 security cooperation is implemented.

c. (U) The Army will require additional Chinese language/area qualified personnel as a result of US-China security cooperation.

d. (U) US-China security cooperation at Option 2 and higher levels will enhance the US Army capabilities for collecting intelligence on China and the Soviet Union.

e. (U) Security cooperation with China at Option 2 or higher may require reorganization of the US Army Western Command, and perhaps the Eighth US Army and US Army Japan as well.

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CHAPTER 1

INTRODUCTION (U)

Section I. (U) General.

1. (U) Problem. Security cooperation between the United States and the Peoples Republic of China (PRC), an almost unimaginable development 10 years ago, has now not only been established, but has also resulted in communication between the two defense establishments at the highest level, coordination of some policies, and authorization for the sale, on a case-by-case basis, of military equipment and technology to the PRC. Evolving security policy towards China has not been accompanied by authoritative statements of the long-term objectives of the relationship or by comprehensive analyses of the implications of expanding security cooperation to more and more varied interactions, however. The concern that, in the absence of both a statement of objectives or careful analysis, policymakers may initiate actions without understanding the possible long-term (or even short-term) risks which may be incurred led to the requirement for this study.

a. (U) Relations between the PRC and the United States progressed from bitter enmity in the 1950's, when Americans and Chinese actually fought each other in Korea, first to a hesitant rapprochement in 1972, and finally to a "friendly" relationship today. Indeed, agreements have been signed on a variety of questions, particularly since full diplomatic relations were established on January 1, 1979, and trade has increased from less than \$100 million in 1972 to almost \$5 billion in 1980.<sup>1</sup> Excluding the military sphere, US policy has seemed to encourage the development and expansion of all aspects of Sino-American relations.

b. (U) Even though strategic considerations have always provided the principal justification for enhanced US-PRC relations, overt military or security cooperation was muted as long as Washington attempted to pursue a policy of evenhandedness vis-a-vis the two major Communist powers. That policy was abandoned after Soviet and Soviet-supported interventions in Africa, the Middle East, and Southeast Asia. In August 1979, former Vice President Mondale forcefully emphasized the change in the direction of US policy when he told his hosts in Beijing that "any nation which seeks to weaken or isolate [China] in world affairs assumes a stance counter to US interests."<sup>2</sup> A few months later, shortly after the Soviet invasion of Afghanistan, then Secretary of Defense Brown made the security relationship more explicit by announcing, also in Beijing, that the United States would permit, on a case-by-case basis, the sale of dual-use technology and nonlethal equipment to China, and that the sale of weapons systems by US allies would not be opposed.<sup>3</sup> More recently, on June 16, 1981, the security relationship was expanded further with the announcement by Secretary of State Haig that the United States would consider, again on a case-by-case basis (after consultations with allies and friends and Congress), the sale of any armaments or weapons technology. Security cooperation, then, was apparently inaugurated with limited notice, partly in response to unexpected Soviet action, to deter the continued expansion of Soviet influence by force. Consequently, many within the American bureaucracy, particularly in the military, may not have previously given adequate attention to security cooperation with the PRC.

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2. (U) Terms of Reference. The specific terms of reference for this study are contained in the January 12, 1981 letter, subject: Study Implications of US-China Security Cooperation (US-China) from MG R.L. Schweitzer, Director of Strategy, Plans, and Policy, acting for the Deputy Chief of Staff for Operations and Plans, to the Commandant, US Army War College, which is reprinted as Appendix A. The objectives and one limitation from the study directive are repeated below for emphasis.

a. (U) The four interrelated objectives specified by the study directive are:

(1) (U) Identify the major objectives of security cooperation for both the United States and the PRC;

(2) (U) Examine military and strategic implications of US-China security cooperation and estimate the benefits, risks and costs, as far as relations with other international actors (e.g., Soviet Union, NATO, Japan, ASEAN, and India) are concerned;

(3) (U) Specify areas in which cooperation may be beneficial to the United States, as well as areas in which cooperation is not desirable; and,

(4) (U) Provide, in the conclusions, specific options and initiatives that policymakers can use in shaping the US-China security cooperation relationship.

b. (U) The exclusion of specific operational implications for the Army from this report is intended to focus the study on broad strategic problems rather than relatively parochial concerns of the Army. The latter (e.g., details of force structure, personnel needs, organization, and security assistance requirements) are extremely important, but need to be addressed after the more fundamental considerations discussed in the following chapters are analyzed and understood. On the other hand,

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this study does identify and examine relatively general, strategic implications for the Army and other US military services.

## Section II. (U) Methodology.

3. (U) Approach. Research and analysis have focused on the relationship of US-China security relations to other facets of US foreign policy in the context of both immediate international problems and longer-range considerations. Information and insights have been obtained from official documents, published literature, and many government and academic specialists, as indicated by the notes and bibliography. The generous contributions of those individuals who discussed the intricacies of US-China relations with members of the study team were particularly valuable in providing fresh ideas and stimulating careful analysis.

4. (U) Organization of Study. The following discussion has been organized into four chapters. Chapter 2 examines American and Chinese national interests and objectives in US-China security cooperation. Chapter 3 contains the analysis of the impact of US-China security cooperation on other international and regional relationships, and Chapter 4 presents the conclusions and recommendations of the study group. Finally, there are two substantive appendices (B and C) which provide more intensive analysis of China's participation in security cooperation with the United States.



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## CHAPTER 2

### INTERESTS AND OBJECTIVES OF THE UNITED STATES AND CHINA IN SECURITY COOPERATION (U)

#### Section I. (U) Introduction.

1. (U) Purpose. Programs and proposals for US-China security cooperation should be judged primarily by how well they support the national interests and objectives of the United States and China. This chapter very briefly presents a statement of American and Chinese interests and objectives which are relevant to evaluating security cooperation between the two nations.

2. (U) Organization. Section III, Chinese Interests and Objectives, has a broader scope than Section II, US Interests and Objectives. The former, in addition to a brief statement of Chinese interests and objectives in security cooperation with the United States, also contains segments on the Chinese approach to security; advantages and benefits, as well as disadvantages and risks to China of security cooperation with the United States, and the limits of security cooperation from a Chinese perspective. It is supplemented by Appendix B, Chinese Interests and Objectives in Security Cooperation, and Appendix C, China's Domestic Environment and US-China Security Relations.

#### Section II. (U) US Interests and Objectives.

3. (U) General. The United States is a global power with specific regional interests in East Asia. US-Chinese relations, including security cooperation, are intended to support global as well as regional interests and objectives.

#### 4. (U) National Interests.

a. (U) According to the Army Strategic Appraisal, the four fundamental national interests of the United States are survival, preservation of national integrity, maintenance or improvement of the standard of living, and maintenance of a favorable world order.<sup>1</sup>

b. (U) Historically, the United States has pursued its national interests without placing a high priority on China. Since the end of World War II, the Soviet Union has been the only nation considered a serious threat to the most salient US interests--those relating to survival, territorial integrity, and world order. China has entered into American foreign policy and defense calculations primarily as an adjunct to the Soviet Union, rather than as an actor in its own right. The sustained worldwide buildup of Soviet strategic nuclear and conventional forces, and the USSR's increasingly active involvement in the Third World are the most important factors affecting US national security policy today. They have also been the driving force in the developing relationship with China since 1971.

5. (U) US National Objectives. The broad general national objectives that have traditionally guided US policy are as follows:

a. (U) The primary objective of the United States is to prevent hostile nations from attacking the United States, its territories, and its overseas bases. The threat of invasion of the continental United States has always been remote.

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However, the advent of the nuclear age and ICBMs meant that the continental United States could not only be attacked but also the survival of the United States threatened without an invasion by a foreign army. As a result, for the last 30 years protection of US territorial integrity has been based primarily on four principles:

(1) strategic nuclear deterrence; (2) negotiation of formal, detailed and verifiable strategic nuclear arms control agreements; (3) prevention of the proliferation of nuclear weapons; and (4) avoidance of direct military conflict between the United States and the Soviet Union. In comparison to the USSR, Chinese strategic nuclear capabilities have played only a small role in US defense calculations. If China improves its strategic nuclear capabilities as expected, future US force planning and arms negotiations will have to take these forces into consideration.

b. (U) Historically, US interests have been best served by an international environment of stability in which change has been evolutionary rather than the result of political revolution. As a result, another major US objective has been the promotion of peaceful solutions to world problems. Particularly, the United States is interested in deterring the USSR from using conflicts between regional powers to further Soviet political and military influence at the expense of the United States.

c. (U) A third major objective is to help US allies and other friendly states resist political, economic, or military coercion by stronger nations.

d. (U) Where and when feasible, the United States has sought to improve East-West relations in an attempt to defuse sources of potential military conflict. This objective is based on the assumption that fostering economic and political interdependence among the USSR and the West, and China and the West will result in more responsible, less aggressive destabilizing behavior on the part of the world's two Communist giants. Soviet actions in recent years have caused many observers and policymakers to question this objective, but it still remains as a stated long-term US goal.<sup>2</sup>

e. (U) Since the end of World War II, containment of the spread of communism has been an important objective. It has evolved from the containment of the monolithic communism that was believed to exist to the more recent approach of selective containment of Soviet political-military influence.

f. (U) Finally, if deterrence of conflicts fails and peaceful resolution of world problems proves impossible, the US objective is to maintain sufficient conventional and strategic forces to defend US interests by military force until such conflicts can be terminated on terms favorable to the United States.

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7. (U) US Objectives Served by Security Cooperation With China.

a. (U) US-China security cooperation is intended to support US objectives of deterring both regional and global Soviet aggression. Advocates believe that US-China security cooperation will contribute to deterrence by increasing Soviet concerns about a two-front war, complicating Soviet military planning, and making the USSR less inclined to initiate military conflict, either in Europe or Asia.

(1) (U) A strong, confident China, it is argued, will contribute to East Asian regional stability, but a weak nation will be vulnerable to Soviet pressures and be a source of instability. Only a China that is politically and militarily capable of acting as a major power in the region can help to stabilize the East Asian balance of power, according to this point of view.

(2) (U) It can be argued that more normal relations with China already have made a significant step toward a peaceful solution of one major contentious Asian issue, i.e., Taiwan. Beijing now speaks of "reunification" of Taiwan with China rather than "liberation." If more extensive US-China security cooperation increases the stakes for the PRC in good relations with the United States, the prospects for peaceful settlement might be enhanced further.

b. (U) Security cooperation with China could enhance US warfighting capabilities in the event of a global war with the Soviet Union. If Chinese military forces supported the United States in a global war, they would constitute another "force multiplier." Even if China chose not to commit its military forces against the Soviet Union, a security cooperation relationship that allowed the United States to use Chinese naval and air facilities during a war might enhance US military capabilities against the Soviet Union.

c. (U) The primary goal of the current Chinese pragmatic leadership is to modernize China economically, politically, and militarily. If modernization of China succeeds, China will become a more powerful actor, with or without US-China security cooperation. However, advocates of closer security cooperation believe that a positive US-China relationship will support the current pragmatic leadership. This group has interests and objectives parallel to those of the United States and security cooperation will enhance the US ability to favorably influence the evolution of Chinese policy.

d. (U) Finally, apart from military justifications, cordial and extensive relationships with China may enhance US access to scarce natural resources. While much of China has not been thoroughly surveyed, exploration to date has shown China to be endowed with significant amounts of scarce natural resources.<sup>4</sup> China has recently begun to furnish the United States with tantalum, vanadium, and titanium.<sup>5</sup> The addition of China as a supplier of scarce raw materials will diversify sources of supply and could help to moderate US strategic vulnerability. Security cooperation may be one tool to facilitate US access to Chinese natural resources and to provide a firm basis for a profitable economic relationship.

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## Section III. (U) Chinese Interests and Objectives in Security Cooperation.\*

### 8. (U) China's National Interests and Objectives.

a. (U) The preceding section identifies the interests and objectives of the United States which are, or could be, affected by security cooperation with the People's Republic of China. While US national interests and security objectives understandably pervade US strategic calculations, they constitute only half the equation. China also has interests which must be recognized, since they will decisively shape and condition the other half of the dynamic bilateral relationship. Some of these interests, and the objectives which support them, are primarily of a domestic nature; others derive directly from the international environment. As a practical matter, however, they are all deeply interrelated.

b. (U) An important domestic national interest of China is economic development. Since the death of Mao Zedong in 1976, the successor leadership has focused most of its attention on a comprehensive program of industrial, agricultural and military development which is called the "Four Modernizations." Relying heavily on imported technology to drive scientific progress, the program aspires to transform China into a "powerful, modern socialist country by the year 2000." In retrospect, initial goals were far too ambitious, as evidenced by successive economic "readjustments" over the past two to three years. Despite these temporary setbacks, the present leadership is deeply committed to this innovative program of economic development. Specific objectives include improving the low standard of living of the Chinese masses; achieving sustained, long-term economic growth; and increasing aggregate national power in order to support an independent foreign policy.

c. (U) Another domestic national interest which affects US-China relations is the attainment of political maturity. The creation within China's Communist system of attitudes and institutions conducive to prolonged political stability is an essential precondition for sustained economic growth. Within the context of political stabilization and systemic reform, the consolidation of power by the Deng Xiaoping coalition is another priority objective. A wide range of specific initiatives has been introduced to "deradicalize" political thought; separate state and party functions; establish bureaucratic accountability; fight nepotism, corruption and inertia; insure an orderly succession; find a new legitimizing role for the party; and open up the Chinese political system to greater participation.

d. (U) A final national interest category derives from China's role and status in the international system. China shares a number of fundamental concerns common to most sovereign nations, but several are particularly salient in the current situation. These objectives include preservation of national independence and territorial integrity; improved national security; and increased global influence leading to restoration of China to its "rightful place" in world affairs.

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\*The material in this section is essentially a summary of the main points developed in much greater detail in Appendix B, Chinese Interests and Objectives in Security Cooperation.

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## CHAPTER 3

### GLOBAL AND REGIONAL IMPACT OF US-CHINA SECURITY COOPERATION (U)

#### Section I. (U) General.

##### 1. (U) Introduction.

a. (U) The possible ramifications of US-China security cooperation cannot be considered in bilateral terms alone. The relationship will impact upon the perceptions of leaders in other nations and, as a result, will affect other global and regional relationships which are important to the United States. This section will introduce a range of possible security cooperation options that could develop between the United States and China. In Section II, the possible influence of US-China security cooperation on other US global and regional relationships will be discussed and analyzed.

b. (U) Four potential security cooperation options that could develop between the United States and the People's Republic of China, are summarized in Figure D-1, Appendix D, a foldout that can be kept open for frequent reference as the rest of the study is read. The matrix is keyed upon five major military-related security cooperation categories: arms sales/technology transfer, training, plans and exercises, intelligence sharing and gathering, and other. The "other" category is a catch-all to allow the incorporation of items which are important but do not neatly fit into one of the more specific subdivisions.

c. (U) The options chosen by the study team are a summary and combination of activities that have been suggested in other studies and a result of the study team's own analysis. Obviously, there are more than four major options that could evolve as a result of US-Chinese security cooperation. For example, the number of options could be increased by simply adding alternatives between Option 2 and 3 and Option 3 and 4 which more closely parallel the current Option 1. The additional options might read something like "consider to sell systems which provide offensive capabilities" and "consider to sell/provide sensitive military equipment." This approach was rejected for the matrix (but not for the analysis in the following section) because it tends to make the distinctions between each option less clear and some members of the study group believe that such distinctions are artificial.

##### 2. (U) The Matrix.

a. (U) The matrix contains hypothetical options which may never be duplicated in reality, although Option 1 is intended to represent the major components of the current security relationship between the United States and China. The matrix should not be used to prescribe or predict the types of security cooperation which the United States should or will pursue with the PRC. It is only a tool to help answer the important question: Is one form of security cooperation more likely than others to result in achieving US interests and objectives? In the following section, the implications of various options for the major regions of the world will be assessed. Those interests and objectives already discussed in Chapter 2 should be the most important factors for analysis.

b. (U) There are two ways to view the matrix. First, each option can be seen as distinct and separate: one step on a stairway of commitment. Each higher



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step includes all of the components of the preceding steps. As one moves further to the right in the matrix toward Option 4, in other words, there is a cumulative effect. If the US-Chinese security cooperation developed into the hypothetical "significant relationship," all (or most) of the attributes of "institutionalized normalization" and a "moderate relationship" would already be in existence before the "significant relationship" materialized. Using this approach, arms sales/technology transfer is the most important category and indicator of a move to a new level of security cooperation.

c. (U) The second way of looking at the matrix is to view it as providing a number of alternatives where arms sales/technology would continue to be important but would not be the driving category of US-China security cooperation. Using this approach, theoretically it is possible to have a security relationship where arms sales/technology remains at the status quo but training is at the "moderate relationship;" plans/operations may be at the "de facto alliance relationship;" and intelligence and others are at the "significant relationship" level. Viewing the matrix in this way could provide more flexibility for policymakers than the assumption that any security cooperation will be determined primarily by arms sales/technology transfer.

d. (U) The priorities one places on US objectives will have an important impact upon how one views the matrix. If the most important US objective is to have a China strong enough to tie down Soviet forces, repel an attempted Soviet invasion, and provide relief for Europe by causing Soviet forces to be oriented toward the Far East rather than Europe, then Chinese military capabilities will have to be improved. This means that arms sales/technology transfer with military applications should be given the top priority. If the primary objective is to affect the perceptions of other international actors, including the Soviets, then there may be less of a need to emphasize arms transfers/technology transfer. Rather, it may be possible to increase the perception of a closer relationship with China by picking options from the other categories without simultaneously enhancing military capabilities.

## Section II. (U) Global and Regional Impact.

### 3. (U) Soviet Union.

a. (U) The Soviet Union's long-standing adversary relationship with China is not related to any single issue. Sino-Soviet tensions are based upon territorial differences, competition for influence in various regions of the world, ideological conflicts and maneuvers for leadership within the Communist arena, military tensions along 4,500 miles of common border, and racial animosities. From a Soviet perspective, the United States continues to be the Kremlin's primary international competitor and, in concert with NATO, its most significant military threat. However, the USSR views China as probably its most troublesome, unpredictable, and intractable opponent. Therefore, any security cooperation between the United States and the PRC will obviously have a significant impact upon the Soviet Union.

b. (U) Although our understanding of the Soviet political process still tends to be sketchy and far from complete because of the secretive nature of the Soviet Union, it is clear that the totalitarian (unitary) model no longer accurately describes the Soviet political process, and that there is no single, discernible "Soviet view" which will guide Soviet policy and actions. Even a cursory reading of Soviet literature suggests the variety of factional, occupational, and bureaucratic interest groups which not only exist within the Soviet Union but also have impact upon Soviet policy. Conflict and differences among and within institutions and among individuals over what

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means should be pursued occur within the Soviet Union. Something similar to, but not exactly like, Western interest group politics and conflicts also seem to exist over what Soviet programs should be given priority, which ones should be slowed down or put into abeyance, and how overall Soviet goals and objectives should be carried out. Therefore, it probably is appropriate to talk about some Soviet views on US-Chinese security cooperation rather than to focus on "the Soviet view."

c. (U) Discussions of Soviet views or "groupings" often assume uniformity within the various groups. This type of thinking has contributed to assessments which see the party and military in constant conflict because the two institutions hold different values, interests, and objectives, and subscribe to different modus operandi for dealing with the Soviet political environment.<sup>1</sup> The assumption of intra-group cohesion also has led to analyses that see support or opposition to arms control and detente as based primarily upon an individual's institutional affiliation. In other words, the Soviet foreign policy apparatus and Academy of Science research institutes generally are expected to support arms control while military spokesmen oppose it.<sup>2</sup>

d. (U) The analysis that follows does not reject this bureaucratic politics approach, i.e., where one sits determines one's views, but suggests that no single analysis can adequately explain Soviet views on China. If one believes that Soviet views on China are primarily institutional in origin then there should be a military, foreign policy community, party, etc. position. That does not seem to be the case as individuals within the same Soviet institution do seem to subscribe to significantly different attitudes about China. The analysis draws heavily upon studies written by Franklin Griffiths and Lawrence Caldwell arguing that Soviet behavior and views can be best explained in terms of loose coalitions and general "tendencies" within the Soviet Union.<sup>3</sup> Thus, the important point is not only where one sits in the bureaucracy but also the issue (or in this case the country) involved. Such an approach deemphasizes personalities and individual's views and focuses on issues and the potential policy ramifications of those issues. While Caldwell calls the Soviet "tendencies" modernism and orthodoxy, this section uses the shorthand of "pragmatist" and "traditionalist" because of its more specific concern with China.

e. (U) As early as 1973, Soviets of the traditionalist persuasion essentially stopped referring to China as merely a socialist state which was misinterpreting Marxism-Leninism. Instead, they have emphasized China's efforts to collude, ally, or have tacit agreements with anti-Soviet forces throughout the world. As indicated by the flurry of Soviet alarmist articles around such major events as normalization of US-Chinese relations, the Sino-Japanese Treaty of Peace and Friendship, exchange visits of high-ranking US and Chinese officials, and US willingness to consider the sale of dual-use technology and nonlethal military equipment to the PRC, traditionalists are quite concerned and fearful that these steps could develop into more far-reaching military cooperation with China. The traditionalist's tendency is to emphasize the threat to world peace that any cooperation with China could cause. They believe that US, NATO, or Japanese cooperation with China is primarily anti-Soviet oriented. They see cooperation with China as supporting the militarist designs of China against Vietnam and encouraging Beijing to take even more hard line military positions against the Soviet Union, specifically against Soviet interests in Asia. Following is a rather typical traditionalist statement about the threat of collusions between the imperialists and China:

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The real threat to peace and the security of nations, mainly the Soviet Union and other countries of the socialist fraternity, comes from American imperialism and its NATO allies, with whom Beijing hegemonists are now collaborating in preparation for world war.<sup>4</sup>

f. (U) It would be ideological heresy for traditionalists to argue that the recent positive shift in the correlation of forces could be permanently reversed. But they do contend that powerful antisocialist forces still exist and that for a temporary period these reactionary forces could surface to threaten world peace. Since the danger of war has not been eliminated, the traditionalists argue that the Soviet Union must be prepared to confront the possibilities of regional and global conflict at all times and complacency is not acceptable. The possibility of Chinese-US security cooperation is one of the insidious ways that Soviet traditionalists believe reactionaries within both China and the West are attempting to preserve their domestic power bases. A traditionalist's worst case analysis would see the PRC, by the late 1980's, making significant progress in its domestic economic modernization as a result of Japanese and US support and developing a modern nuclear and conventional military force by virtue of security cooperation and arms transfers from the United States. Even if formalized alliance between China and the United States did not exist, a de facto anti-Soviet condominium would have the same results.

g. (U) The pragmatists, like the traditionalists, support a strong Soviet military but they tend to believe that there are areas of common interest with the West. Members of this Soviet group have generally supported arms control negotiations, increased foreign trade, and expanded political-economic relations particularly with the United States and Europe. They have emphasized that military conflict between the superpowers with its high potential for escalation to nuclear war would have disastrous consequences. The pragmatists seem to reject the view that anyone could emerge victorious (in the truest sense of the word) from a nuclear war.<sup>5</sup> Soviets of the pragmatist persuasion are concerned about China as a threat to Soviet interests and the possibility of US-Chinese security cooperation. However, their assessment of the future tends to be somewhat more sanguine than that of the traditionalists.

h. (U) Pragmatists are more inclined to emphasize the limitations of the Chinese domestic economy. They suggest that the problems associated with economic modernization are so significant that the PRC will not be able to make major progress in this area in the immediate future. As one author in Kommunist recently argued, "the situation within the PRC national economy remains tense. Attempts to rescue it from the state of chaos have yielded limited results."<sup>6</sup> Another recent study done by two members of the Soviet Institute of the USA and Canada details in more specific terms the problems facing the Chinese.<sup>7</sup> The Chinese education system essentially disintegrated during the Cultural Revolution when it was more important to be Red than expert. There is a shortage of skilled workers, scientists, engineers, and technicians to operate modern equipment, even if the Chinese could obtain it from the West. In addition, China lacks the necessary financial resources to purchase major quantities of industrial equipment or defense items from foreign nations. China has few products that it can reasonably expect to export to obtain hard currency. The two Soviet authors also argued that important legal restrictions in the United States prevent the export of the most modern, sophisticated technology to Communist nations and that the United States is still somewhat undecided about how far it should proceed with its economic support of China. Those of the pragmatist persuasion tend to argue that these are not small problems, which China and the United States can easily overcome just because they share a common anti-Soviet feeling. For example, the two members of the

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Institute of the USA and Canada ended their study on technological contacts between the United States and the PRC by saying: "If we soberly assess the potential for scientific and technical contacts between the United States and China,... we can expect these conflicts to be considerably exacerbated in the near future."<sup>8</sup>

i. (U) Since the pragmatists doubt that a strong and enduring security relationship between the United States and the PRC can develop, this is another issue on which they differ from the traditionalists. Pragmatists agree with the traditionalists that a formal Chinese alliance with the United States would pose a formidable threat to the Soviet Union. However, they emphasize that important points of conflict and contention exist between Washington and Beijing, particularly over Taiwan. Both pragmatists and traditionalists believe that China is an expansionist power. The pragmatists, however, differ with their associates and argue that Chinese expansionist tendencies will ultimately cause major policy disagreements with the United States and its Asian allies threatening the existence of US-China security cooperation. As one Soviet commentator has said, "it is hard to believe in the possibility of the protracted harmonious coexistence...in a zone which each of them regards as its own preferential sphere of influence."<sup>9</sup> The most important journal of the Soviet Ministry of Defense has argued that the growing close relations between China and the United States are "the result of conditions at hand," i.e., temporary. Moreover,

it would be incorrect to depict this alliance as complete, homogeneous, formulated once and for all and so on. Although it now has a strategic significance in the assessment of the correlation of forces in the world, its vitality is very problematic, especially for the long range.<sup>10</sup>

In other words, Soviet military planners need to consider the US-Chinese factor but long-term strategic planning, weapons procurements, and force deployments probably should not be based on the assumption that the current Chinese-US relationship can be maintained over a long period.

j. (U) The traditionalist and pragmatist characteristics described here represent ideal types and tendencies. Probably no one person in the USSR holds every one of the specific attributes ascribed to the pragmatist or traditionalist ideal position. Soviet policymakers subscribe to and support portions of each type depending on the situation and circumstances. One can readily see this in the official Soviet press as different segments of the same article swing from commentary on US-Chinese cooperation which support the traditionalist to arguments that use pragmatist rationale.

k. (U) The "China problem" has specific and unique impact on the USSR, no matter if one is of the traditionalist or pragmatist persuasion. Both the traditionalists and pragmatists worry openly about how the US-Chinese relationship has evolved during the 1970's and realize that close cooperation between Washington and Beijing is adverse to Soviet interests. The two groups, on the other hand, differ over whether the relationship is already firmly cemented, whether it can be maintained over a long period, and what responses the Soviet Union should initiate. The two probably agree that: Soviet military forces need to be maintained on the Sino-Soviet border (if those forces should be increased could be a point of debate, however); the US-Chinese relationship needs to be monitored closely; and Moscow should attempt to isolate and contain China when and wherever possible. Moreover, there is probably agreement that Moscow should attempt to undermine other nations' support for close US-China relations by emphasizing the potential danger of armed conflict between the two Communist giants as China increases its military power and that a strong China enhances the possibility

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of Chinese military aggression against other Asian nations.

1. (U) Nevertheless, the fact that these two differing Soviet tendencies do exist is an important point for American policymakers to recognize. US-Chinese security cooperation will obviously impact differently upon the pragmatists and traditionalists and could play a role in determining which faction becomes dominant. For example, if the emphasis in US-China security cooperation were arms sales and technology transfers, the differences between the pragmatist and traditionalist tendencies would probably be compressed. At a minimum, the pragmatist faction would be hard-pressed to support an argument that an alliance between Washington and Beijing might not be enduring if the United States moves to sell arms to the Chinese. There is an outside chance that Option 2 would leave the pragmatists with some maneuver room since the United States did provide Yugoslavia with defensive weapons in the 1950's and Moscow continued to maintain the possibility of political rapprochement with Tito during that period. However, a move to Option 3 or 4 under the arms sales category would seem to undercut any support the pragmatists might be able to garner within the Soviet Union. Even if they were inclined to argue (which would seem unlikely) that the sale of ambiguous defensive/offensive weapons or sophisticated weapons did not seal a permanent relationship, enhancing Chinese offensive capabilities would be a threat to Soviet vital interests and territory which no Soviet could take lightly.

m. (U) On the other hand, if US-Chinese cooperation resulted in few substantive increases in Chinese military capabilities, it is possible that the pragmatist position might be supportable within Soviet policy debates. The categories where the United States could make the most impact by creating the impression of cooperation, thereby complicating Soviet defensive planning but at the same time not convincing the pragmatists that an alliance was confirmed, would be to choose activities from the "intelligence" and "other" categories of Option 3. In the remaining three categories, options chosen from "significant relationship" would indicate a commitment beyond what the pragmatists would think is possible in the near future. As a result, if selections from Option 3 in the training or plans/exercises categories, which would necessarily involve frequent and visible interaction between military establishments, were chosen, there is a good possibility that this would so jar the pragmatists that they would be forced to align with the traditionalists. Any selection taken from Option 4 would probably be interpreted by both the traditionalists and pragmatists as confirmation of their worst fears. It would support the traditionalist arguments and undermine the pragmatist position.

n. (U) Since the end of World War II, the primary objective that the United States has pursued in its relations with the Soviet Union has been to prevent the normal political and economic competition that exists between the two superpowers from escalating to military conflict. Other subordinate but important objectives that traditionally have guided US policy are:

- (1) (U) Negotiation of formal and detailed nuclear and conventional arms control agreements,
- (2) (U) Efforts to reduce the risk of nuclear war,
- (3) (U) Prevention of actions that encourage the proliferation of nuclear weapons,
- (4) (U) Where feasible, improvement of political-economic relations

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with the USSR to encourage it to become a more responsible international actor that pursues economic, political, and diplomatic solutions to world problems rather than military coercion,

(5) (U) Encouragement of independent action and loosening of political, economic, and military ties among the non-Soviet Warsaw Pact states and the USSR.

(6) (U) Expansion of trade relations with Eastern Europe as a means to enhance political relations with those countries and to encourage and support greater political and economic autonomy on their part,

(7) (U) Support for free movement of people and ideas among nations and respect of individual rights and liberties within nations,

(8) (U) Support the development of moderate political leadership with the Soviet Union.

o. (U) Given both superpowers' desires to avoid direct military confrontation because of the risks of nuclear escalation, US-China security cooperation should not necessarily lead to military conflict between the superpowers. However, it will be difficult, if not impossible, to achieve many of the subordinate US objectives, while at the same time pursuing close security cooperation with China.

p. (U) Because of the high threat perception of the traditionalists, whose position will be strengthened when US-China security cooperation occurs, Soviet policy would probably emphasize the competitive nature of Soviet-American relations and the general hostile relations between capitalist and socialist states. Little emphasis would be put upon arms control talks. In fact, the traditionalists would most likely argue for across-the-board quantitative and qualitative improvements in both the conventional and strategic forces. At a minimum, they might suggest that the USSR would need to increase its forces even more than current plans may provide for, on the Sino-Soviet border. If this occurred and post-1969 historical precedent prevailed, such an increase would not come from deployment of Soviet forces from other areas but would be newly created divisions and be additive to the Soviet force structure. Given manpower problems facing the Soviets in the 1980's, significant increases in its force levels would have to come at the expense of manpower for civilian sector jobs. While this decision would probably be made reluctantly, in the face of what the Soviets would perceive as a national security threat, it seems likely that the Kremlin would divert the necessary manpower. Moscow, however, could place additional Category II and III divisions on the Sino-Soviet border creating the impression of new deployments but having less total manpower impact upon the domestic economy. The heavy industry and national defense sectors of the economy would probably receive an increased share of the Soviet budget. Foreign trade and technology transfers for both the Soviet Union and its East European allies would be discouraged, autarky would be a primary Soviet objective, and Moscow would attempt to tighten its controls over the Warsaw Pact, limiting East European economic and political autonomy. The traditionalists would probably put a heavy emphasis upon nationalism and the military threat from China, as well as the increased threat from the capitalists, in an attempt to convince consumers that domestic sacrifices were necessary. To increase ideological vigilance, renewed suppression of Soviet dissidents would probably occur making it difficult to achieve the US objectives of human rights and freer movement of peoples and ideas.

q. (U) It is in this larger context, which emphasizes tying down Soviet

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forces on the Sino-Soviet border and complicating Soviet military planning, and not solely in the military arena, that the United States must judge the potential implications of security cooperation with China and its impact upon the Soviet traditionalist versus pragmatist tendencies. If the United States is willing to take the chance of foregoing arms control negotiations and rejecting the objective of improving political-economic relations which encourage Moscow to become a responsible actor in the international environment, then actions in US-China security cooperation which support the traditionalist position should be pursued. On the other hand, if a major objective of the United States continues to be strategic arms limitations and leaving the channels of communication open for cooperation when it is in each parties mutual interest, policies which do not undermine the Soviet pragmatist position should be followed. While these issues are important in their own right, they are even more important since inevitably a major political succession crisis will occur within the Soviet Union sometime during the 1980's. The Soviet tendency which emerges victorious from this struggle could very well set the tone of US-Soviet relations for the next quarter of a century.

r. (U) One important caveat should be noted and emphasized. The preceding discussion assumes that US policy would or could be carefully modulated to manipulate the debate between Soviet traditionalists and pragmatists in order to assure some desired impact upon Soviet policy. In the past, the United States has not done too well in such a task and probably there is little reason to believe that our abilities will improve significantly in the next decade. Such a finely tuned orchestration of foreign policy is probably not within the capabilities of a pluralist, democratic nation. When one realizes that Washington would have to design policies not only to impact upon the Kremlin, but also simultaneously affect Beijing as well, the feasibility of carrying out such a program must be seriously questioned.

4. (U) Japan and the Koreans. If Sino-American security cooperation increases through the 1980's, Japan, the Republic of Korea (ROK), and the Democratic People's Republic of Korea (DPRK) will be forced to reevaluate their respective defense postures and priorities. It will be essential for the United States to consult very closely with its Northeast Asian allies and to maintain a visible and credible presence in the region to ensure that an evolving relationship with China does not adversely affect US interests and objectives.

a. (U) Japan. The Japanese people today are highly conscious of defense problems. For the first time since 1945 public opinion polls indicate that most Japanese regard defense issues as being more salient than economic or environmental issues. Similarly, all Japanese political parties now regard national defense as a legitimate subject for Diet debate. Finally, members of the academic community and the Self-Defense Forces now participate in unprecedented public discussion.<sup>11</sup> This is not to suggest that Japan is on the verge of a rapid reorientation in its defense posture. These events, however, do show that public and private opinion in Japan is in a state of flux and that evolving US relations with the PRC will be rigorously scrutinized by groups representing all relevant sectors of Japanese opinion.

(1) (U) Two sets of related events seem to spark the present concern: a perceived lack of US commitment to the defense of the region and the increase in the Soviet military presence there, especially in those islands of the Kurile chain claimed by Japan. The 1971 announcement of President Nixon's proposed journey to China in 1972 caused severe problems for the government of Prime Minister Sato. The Japanese policy of not recognizing the PRC was never wholly popular even within the ruling Liberal Democratic Party (LDP). A succession of LDP prime ministers had rendered themselves politically vulnerable by deferring to the US position. The speed and secrecy with

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which the United States moved towards normalization made it difficult for Japanese politicians to prepare their constituents for a reversal in US and Japanese policies. The Nixon Doctrine, US withdrawal from Vietnam, and the ultimate turn of events in the Indochinese peninsula further undermined Japanese perceptions of the value of the US relationship and of the importance the United States attached to it. Finally, the Carter Administration's position on withdrawal of the US ground forces from Korea, coupled with the admittedly necessary US preoccupation with the Indian Ocean and Southwest Asia, literally forced Japan to reexamine its strategic position.<sup>12</sup>

(2) (U) During the same period, Japan and the USSR continued to discuss a peace treaty and Japan-USSR economic cooperation. As Japan warmed to China, however, Soviet-Japanese relations cooled. Tension then mounted as the Soviet Union reinforced islands claimed by Japan and increased harassment of Japanese fishing boats in adjacent waters.

(3) (U) Despite its economic strength, Japan has been and remains acutely affected by the actions of outside powers. The events of the 1970's provided impetus for change but domestic political and economic conditions helped to prevent this impetus from being translated into a more aggressive policy. The challenge posed by the emergence of a new or different force in the region will help to remove at least the political constraints and could thereby encourage pressures for change. Sino-American security cooperation suggests that China may emerge as a new and more potent regional force, and in a shorter time than might otherwise have been expected. It may also be expected that Japan will be forced to play a different role in the region than it has in the past.

(4) (U) Even though Sino-American security relations are basically at the Option 1 level, Soviet reaction directed toward Japan has been swift and from the Japanese point of view quite hostile. The USSR alternately has warned Japan of possible consequences of too close a relationship with China and the United States and then tried to woo Japan away. In fact, it is this dichotomy in Soviet policy that has contributed to the new defense mood in Japan. If the United States continues to limit security assistance to China to dual-use equipment and nonlethal technology, present levels of Soviet hostility probably will endure, thus encouraging those Japanese officials who favor a more vigorous defense posture. If US security assistance to China begins to exceed present levels, Soviet hostility towards Japan could greatly increase and thereby reinforce Japanese perceptions of the seriousness of the Soviet threat. In this case the Maritime Self-Defense Force (MSDF) could be expected to increase its antisubmarine warfare capability substantially and also to increase the number of surface combatants to assist in protecting northern and eastern lines of communication and in the defense against offensive amphibious operations. The permissible operating range of the MSDF might be increased to protect lines of communication from the south. Likewise, increases in the capabilities of the Ground and Air Self-Defense Forces could occur. These illustrations are intended to underscore the principle that through the 1980's each "escalation" of US assistance to China will probably exacerbate Soviet hostility to Japan; further, such hostility will support Japanese officials who seek greater military power. It should be emphasized, however, that the opinion of officials (certainly within the Self-Defense Forces) is ahead of public opinion on this issue and that this gap will militate against immediate development of a Japanese offensive capability.<sup>13</sup>

(5) (U) However, if the United States were to move towards a "significant relationship" or "de facto alliance" with China, the Japanese might consider that to be a fundamental departure from current policy and begin to introduce a modicum

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of offensive power projection into their military planning. If the Chinese were to possess a projectable offensive capability including their small strategic force, China could then act from a position of greater strength to support its dependent policies in East Asia. A stronger and ultimately more independent China would strain the equilibrium of forces in the region, seriously degrade Japan's ability to pursue its interests competitively with China and the USSR, increase Soviet efforts alternately to threaten and woo Japan, and could generally heighten Japanese doubts about US intentions. In effect, Japan would be in a position where perceived threats to its vital national interests would dictate a strong and more independent response. More important, Japan might be put in a position where it would opt to increase its own military capabilities.<sup>14</sup>

(6) (U) The Japanese are prevented at the present time from seeking an accord with the USSR essentially because of Soviet intransigence on the northern islands question. The salience of this issue in Japan is such that no government could compromise without appearing to capitulate. On the other hand, it is also unlikely that the Soviet leaders could reverse their position without serious difficulty. In any case, the Japanese would probably resist Soviet blandishments because, from the Japanese point of view, continuing Chinese economic and technological needs render the PRC easier to deal with than the Soviet Union. Japan has and will continue to have substantial leverage with respect to the People's Republic. There is less with the USSR.<sup>15</sup>

(7) (U) A similar rationale would prevent Japan from assuming a neutral posture. Pro-defense advocates would argue that reliance on relatively narrow concepts of self-defense is responsible for bringing Japan to its present weak state. They would redefine self-defense to encompass the idea of an active defense against the USSR and more vigorous competition with China. This formulation, as was suggested earlier, could well receive the support of significant sectors of Japanese opinion. Thus, if the United States moves significantly beyond present levels of security cooperation with China, it could force the Japanese to become more independent and aggressive in foreign policy, and also to bring defense policy into line with their new approach to foreign relations.

(8) (U) Three other factors will influence Japanese responses to evolving US-China security relations. Japanese perceptions of the impact of security relations on the stability of the Korean peninsula, the Japanese assessment of China's capacity to absorb increasingly sophisticated forms of technology, and the effect of Sino-US cooperation on the status of Taiwan. If the United States moves towards "de facto alliance" policies, these considerations and perceptions will increasingly militate in favor of a more active Japanese defense policy.

(9) (U) At present, the Japanese see China as an important force for restraining the Democratic People's Republic of Korea (DPRK) from seeking reunification of the peninsula by force. Accordingly, they acknowledge the utility of US, and indeed their own, policies towards China. In the same way, Japanese business and government circles have evaluated Chinese cancellation of several joint projects as illustrating Chinese inability to pay for and/or absorb higher levels of technology. The Japanese see a number of systemic impediments to China's modernization in all spheres and have revised earlier forecasts of rapid Chinese progress.<sup>16</sup> Finally, in the short term, the Japanese seem able--albeit grudgingly--to live with the present status of Taiwan. Japan possesses some economic leverage over the PRC and can be expected to apply it in preserving its important interests in Taiwan. At present

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levels of US-China security cooperation, these three factors seem to limit potential for rapid Chinese military growth and therefore restrain similar growth by Japan.

(10) (U) However, should China acquire the economic and military independence implicit in options 3 and 4, Japan would have to reevaluate this position. For example, a China capable of an effective offensive power projection beyond its immediate boundaries would have dealt with the problem of absorptive capacity and would therefore have the ability to be more aggressive in Korea and in Taiwan. Japan has important political and economic interests in Taiwan and vital economic and security interests in South Korea. If these interests were threatened by a more powerful China, Japan would probably feel it necessary to protect them with all available means, including military means. Japan's perception of vital and important regional interests could move decisionmakers towards increased independence in national defense.<sup>17</sup>

(11) (U) Closer security relations between the United States and China should provide impetus to forces in Japan which favor redefinition of the nation's defense posture. These forces at present are not well-organized nor are they particularly united. But, in Japan's own way, consensus is slowly building towards agreement on gaining for Japan the wherewithal to be more independent. China's emergence as a bonafide regional power with offensive power projection capabilities may help to unify presently disparate Japanese domestic actors and possibly result in the translation of the consensus into policy.<sup>18</sup> If this occurs, it is not necessarily contrary to US interests. Indeed, a succession of US administrations has been encouraging Japan to increase its defense effort. However, the United States will face a Northeast Asian environment that is more complex and therefore more challenging. Northeast Asia may also demand increased US resources.

b. (U) Republic of Korea (ROK). Despite continuing inflation and recurrent political restiveness, the regime of President Chun Doo Hwan appears to have achieved a firm footing. President Chun's recent visit to Washington and the commutation of opposition leader Kim Dae Jung's death sentence helped establish his international credibility and also paved the way for improved Japan-ROK relations. By the end of the decade South Korea may well be able to independently confront the military strength of the north. The ROK is able to face the prospect of Sino-American security cooperation with relative equanimity.

(1) (U) In fact, Seoul has already gained one important benefit from normalized Sino-American relations: China's moderating influence on North Korean militancy on the reunification issue. An additional though lesser benefit is modest indirect trade with China. These factors, combined with strong assurances of support for South Korean security by the US Government, support a conclusion that Seoul does not view present levels of US-China cooperation with alarm and that the ROK leadership would probably welcome an improved US-China relationship as an effective anodyne to possible North Korean-Soviet actions. Present levels of security cooperation do not threaten South Korea, nor do they pose particular problems for South Korea-US relations.<sup>19</sup>

(2) (U) The question of how South Korean leaders would view increased levels of US security assistance to China is more complex, and, as with Japan, depends upon South Korean perceptions of US motives and perceived changes in US policies toward preservation of South Korean security. If China possesses offensive military systems of the types included in Options 3 and 4, and the capacity to employ them effectively, ROK planners would obviously be forced to consider the possibility that the PRC might be able to provide valuable assistance to the North.

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(3) (U) If Korean planners perceived a greater imbalance of forces than already exists, they would most likely seek renewed public US assurances to maintain the US 2d Infantry Division in forward deployment. They would probably also seek assurances that the United States would maintain its own air and sea forces at levels sufficient to deter the North and its supporters. Third, the ROK would try to insure for itself an increased flow of military equipment equal in sophistication to that provided by the United States to China. Finally, South Korea and Japan could be expected to begin greater coordination of their respective defense efforts. As the United States enhances Chinese military capabilities, Japan and South Korea might feel it necessary to press for continued and even expanded US efforts on their behalf. It will be difficult for the United States to justify to Asian allies a net reduction in its efforts on grounds that the PRC enhances deterrence of the USSR and its allies.

(4) (U) Ironically, at the same time there could be strong domestic pressure in the United States to reduce the US presence if not the commitment to Northeast Asian allies. If South Korea is able to independently constrain the North and is linked more closely to Japan, and if Japan is better able to project power, important sectors of public opinion in the United States might argue that resources employed in Northeast Asia would be better employed elsewhere. The United States will have to take concrete steps to ensure that assistance to China is not perceived either in the United States or in allied nations as a way for the United States to reduce its presence or commitment to either Japan or the Republic of Korea.

c. (U) Democratic People's Republic of Korea (DPRK). Three important factors will influence the course of defense planning in the Democratic People's Republic of Korea during the 1980's. First, North Korea must deal with the problem of succession to Kim Il Sung. Although Kim Jung Il, the dictator's son, appears to be heir apparent, the final decision has yet to be made. Moreover, it is difficult to predict with very much clarity what the orientation of any post-Kim Il Sung leadership will be. However, analysts generally seem to agree that whatever leadership emerges, it will not produce a major reorientation towards the South. Second, the DPRK is in a state of economic distress, and this at a time when the ROK is achieving steady levels of economic, military growth and institutional stability. As time passes, it will become increasingly difficult for North Korea to work its will by military means. Finally, North Korea's Soviet and Chinese allies are themselves in a state of mutual hostility and Pyongyang is ultimately dependent on both. Unlike its adversary to the south, North Korea faces particularly acute difficulties in achieving its goals.<sup>20</sup>

(1) (U) North Korea would probably be happy to see the PRC achieve modernity, particularly in the military sphere. In fact, China's present relationship with the United States does not seem to have caused significant problems. For example, despite minor strains, Pyongyang has "welcomed" Prince Sihanouk and continues to support China's efforts in Kampuchea. Relations with the USSR also remain mutually supportive. If the DPRK is troubled at all by the prospect of China's military modernization, it is because of the leadership fears that the strings perceived to be attached to US security assistance will work to the disadvantage of the DPRK. Chinese moderation on reunification suggests that the Pyongyang leadership's fears in this regard may be justified. The DPRK may well feel that Beijing will accept permanent division of Korea if it means that the material resources for modernization can be attained. Whether Pyongyang's fears are justified or not, the pace of US-China security cooperation to date has not exacerbated them.

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(2) (U) However, it is also reasonable to assert that increases in the level of military technology transfer or initiation of arms sales could cause suspicion and eventually disrupt PRC-North Korean relations. As Beijing and Washington draw closer together, North Korea will become increasingly concerned about the extent to which Sino-US security cooperation diminishes China's support for North Korea. The USSR, revising upwards its assessment of the Chinese threat, could then attempt to take advantage of PRC-DPRK tensions to consolidate its position with North Korea. A combination of increased Soviet trade benefits and additional security assistance might serve as an inducement. North Korea might perceive that its security needs would be better met by the Soviet Union while maintaining a formally correct relationship with China insofar as possible. China would then claim that the new situation is the result of "social imperialism" and "hegemonism" and also maintain the formally correct diplomatic, trade, and cultural relations that would permit it to remain appraised of events in Pyongyang. This scenario assumes that China can secure its borders with Korea and the USSR, that North Korea will determine it can get what it needs from the USSR, and that the USSR is sufficiently concerned about a Chinese threat to run the risk of possible confrontation with the United States in Korea.

(3) (U) These assumptions will increase in importance as the security relationship with China continues to evolve. In any case, it is probable that the impact of closer Sino-American security relations on North Korea will be such that the United States will not find it easy to reduce either its presence or its direct participation in the affairs of the Korean peninsula.

## 5. (U) Southeast Asia, Australia and New Zealand.

a. (U) Perceptions of US-China relations in Southeast Asia, Australia, and New Zealand are diverse. Not only do the positions of the 11 states relative to China and the United States vary, but there are different groups in each state which view the roles of China and the United States from contrasting perspectives. In the following discussion, it has been necessary to simplify complex positions and ignore some points of view entirely.

(1) (U) According to official Vietnamese statements, the developing entente between the United States and China is conclusive proof of the aggressive designs of both powers. Moreover, Sino-American collaboration, combining the two leading enemies of Communist Vietnam, provides much of the rationale and justification for Vietnam's dependence on the Soviet Union. As long as Chinese-supported guerrillas oppose Hanoi's client regime in Kampuchea and the PLA threatens Vietnam's northern border, increased Sino-American security cooperation, especially if weapons or weapons technology were transferred to Beijing, probably would deepen the hostility of the Vietnamese leaders towards the United States. It would also reinforce the current tendency to rely on Soviet assistance to defend against the threat from China, which would seem more ominous because of direct American assistance to the PLA. However, if in the future the tensions with China were lessened because of a political solution of the Kampuchea problem, especially if the Chinese acquiescence in the solution seemed to result from US pressure, and American policy toward Vietnam became more flexible, Hanoi might see some value in closer US-China security cooperation. Vietnamese leaders might even believe that the United States would be better able to restrain PRC behavior through Option 2 level security cooperation than with Option 1 level. With the reduction of the Chinese threat apparently related to the provision of US military assistance to Beijing, and therefore more stable than if the reduction in tensions were merely the whim of Chinese leaders, the Vietnamese leadership or

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groups within it<sup>21</sup> might feel confident enough to try to reduce Vietnam's dependency on the Soviet Union. To provide China capabilities which could be used against Vietnam would obviously not contribute to conditions for curbing the flow of Soviet military and economic aid. At the present time, Kampuchea and Laos are so dominated by Vietnam that the perceptions of their leaders, which on this subject probably conform to those of the Vietnamese, are irrelevant.

(2) (U) In non-Communist Southeast Asia, attitudes toward Sino-American security cooperation are heavily influenced by perceptions of threat and the status of resident ethnic Chinese.<sup>22</sup>

(a) (U) The majority of Thai and Singaporean leaders, who are convinced that the Soviet-supported Vietnamese occupation of Kampuchea is an expression of a new imperialism and a serious threat to Thailand and ASEAN, apparently are unconcerned about or even supportive of US-China security relations, at least as far as short or mid-term considerations are concerned. Vietnam can be better opposed by China, which provides the principal military deterrent, in collaboration with the United States, which offers valuable diplomatic and material support, than by China and the United States acting independently or by China acting alone. It is probably significant that the leaders of Singapore, 76 percent of whose population is ethnic Chinese, and Thailand, where ethnic Chinese have been better assimilated than elsewhere in Southeast Asia, are not preoccupied with the problem of overseas Chinese. However, if the Kampuchean-Vietnamese issue, which to these officials raises the specter of Soviet interference in Southeast Asia, recedes from the center of ASEAN deliberations, US-China relations may be perceived much more critically. Without a significant Soviet-Vietnamese threat to be opposed, these officials could view China supported by the United States as a significant obstacle to the independence and prosperity of their countries. Many Singaporeans and Thais now speak of the long-term problem which might be spawned by close relations between the United States and the PRC.

(b) (U) Generally, the urgent sense of threat articulated by most Thai and Singaporean leaders is only held by a minority in the rest of Southeast Asia, and concern about the possible role of China in the area is greater. In the Philippines, over which Soviet reconnaissance planes have flown unauthorized missions, China is viewed primarily as a force to supplement the US presence and balance the Soviet Union. Concern about the future behavior of the PRC as a supporter of insurgency, a focus of loyalty for the relatively small but economically significant ethnic Chinese population, and ultimately a regional military power is present, however.

(c) (U) For most leaders of Indonesia and Malaysia (a minority tend to concur with the majorities in Singapore and Thailand) the threat from Vietnam and the Soviet Union has less saliency than the threat of intervention that they perceive from China. This threat is apparently more a function of the position of ethnic Chinese in each society than a strategic estimate, although Indonesians and Malaysians do argue their case in strategic terms. The 4 million ethnic Chinese in Indonesia occupy a far more important role in the nation's economy than their proportion of the population justifies, and they are widely resented for their economic success. They are also viewed as having facilitated PRC penetration of the Sukarno regime by providing intelligence and financially supporting the Partai Komunis Indonesia (PKI). There has been relatively little recent PRC interference in Indonesian affairs, although the discovery of illegal Chinese aliens and alleged PKI disturbances have been portrayed as part of a Beijing-sponsored plot. Some leaders of the PKI live in

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exile in China and periodically have been given the use of propaganda facilities to attack the Suharto government.

(d) (U) Malaysia's ethnic Chinese make up some 29 percent of the population<sup>23</sup> but hold the leading positions within the economy. To the Malay elite which rules Malaysia, the possibility of an alliance of Chinese Malaysians and the PRC is a constant threat. Moreover, PRC interference in Malaysian affairs is a contemporary phenomena: the Voice of the Malayan Revolution broadcasts regularly from Chinese territory, some leaders of the Communist Party of Malaya (CPM), still fighting against government forces, have been given asylum in China (although the figurehead chairman of the CPM recently returned to Kuala Lumpur)<sup>24</sup> and presumably some small amount of material assistance is still provided to insurgents by the PRC. Indonesian and Malaysian leaders are not enthusiastic about Sino-US cooperation of any kind because they believe that to strengthen China economically or politically simply improves its capability to assert hegemony over Southeast Asia, and that the resources China receives might otherwise go to ASEAN. Security cooperation is least acceptable. Indonesia's military rulers, in spite of their distrust of communism, might even respond to very close security cooperation--a de facto alliance--between the United States and China by seeking an accommodation with the Soviet Union.

(e) (U) No data is available about Burmese perceptions of US-China security cooperation.

(3) (U) Officially, Australia and New Zealand have endorsed US-China normalization as contributing to the stability of Asia. Prime Minister Fraser openly courted the PRC, and fairly explicitly joined the "united front against hegemony" before Washington and Beijing exchanged ambassadors in 1979. Australia and New Zealand officials are likely to be supportive of US-China security cooperation, particularly at current and Option 2 levels. Even US moves to directly strengthen China's offensive military capabilities and engage in a broad range of cooperative activities--Option 3--would not be opposed as long as there is a strong US military presence in East Asia. Prime Minister Muldoon of New Zealand applauded Secretary Haig's announcement that the United States would consider the sale of weapons to the PRC.

(4) (U) In all the countries of this broad region, there is some degree of concern about the role which the PRC will play in East Asia and the world when it has successfully modernized its economic and political institutions and developed greater military capabilities, even though the intensity and pervasiveness of such attitudes vary greatly from nation to nation and from group to group within each nation. Security cooperation with the United States, which would increase Chinese military capabilities, particularly naval and air force capabilities, obviously exacerbates such fears. These perceptions will become diffused and be of relatively limited practical significance as far as friends and allies are concerned, however, if US military forces are maintained at a level sufficiently strong to deter Chinese, as well as Soviet, attempts to attain regional hegemony and demonstrate a US commitment to pursue a positive Asian policy. The United States will also need to continue to encourage private investment and trade with states in the region, provide economic and military assistance where required, perform an active and supportive role in regional political affairs, and be appropriately sensitive to the objectives which these states pursue.

b. (U) These perceptions may affect US objectives in the area.

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(2) (U) Security cooperation between the United States and China apparently has had little effect on the achievement of US objectives in the area in the recent past, and there is little reason to believe that a modest increase in US-China security cooperation alone will be perceived any differently, although the types and quantities of US arms transfers to China will be watched closely in Southeast Asian capitals. US policy relating directly to the nations of the area has far greater impact on US objectives in Southeast Asia, Australia, and New Zealand.

(a) (U) A higher level of security cooperation between China and the United States, coupled with continued expression of concern about the situation in Indochina, could serve to counter the military build-up of the Soviet Union and Vietnam by signaling US concern and the convergence of US and Chinese objectives in a dramatic way. The risk would be that the United States might become identified with all of the PRC's Vietnam policy, including the armed invasion in 1979 and any similar action which might occur in the future, or that the United States was deferring to China in the formulation and execution of Southeast Asian policy. If this perception can be minimized by maintaining US force levels, demonstrating US interest in the area, and persuading the PRC to moderate its behavior, the cost in terms of loss of influence with Indonesia, Malaysia, and perhaps the Philippines would probably be minimal and acceptable. Otherwise, the US commitment to the security of Southeast Asia might lose some of its credibility.

(b) (U) Raising the level of security cooperation to Option 3 or Option 4, which besides the strong political symbolism would provide China with military capabilities which could be effectively used against regional states (although they would be of limited use against the USSR), would undoubtedly create greater tensions between the United States and states of the area, particularly in Southeast Asia, than US-China security cooperation at the Option 2 level. Such a policy could lend credence to the position that China as much as the Soviet Union strives to dominate East Asia, and at the least increase the fears of those who view China as a major threat. In the near term, Option 3 and 4 security cooperation might serve to balance Soviet force increases. In the long term, it may provide opportunities for the Soviet Union to expand its influence.

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(4) (U) One of the most critical immediate goals of US policy in Southeast Asia is to prevent the Soviet Union from establishing permanent bases in Indochina, and to limit Soviet access to Vietnamese military facilities. Security cooperation with the PRC probably would not directly affect this goal except in the obvious sense that Vietnamese leaders may desire greater military and economic assistance from the Soviet Union, and be more likely to agree to a Soviet request for permanent facilities, if China's military capability deployed against Vietnam is improved as a result of US assistance. On the other hand, given conditions like those described above, wherein the United States seemed to be restraining China and members of the Vietnamese elite sought to lessen its dependence on the Soviet Union, closer US-China security cooperation might contribute to Vietnam's resistance of Soviet demands for more effective use of the facilities in Vietnam.<sup>25</sup>

(5) (U) US-China security cooperation probably has no bearing on the maintenance of US military facilities in Australia or the Philippines. However, the maintenance of those facilities, particularly the bases in the Philippines, is related to whether closer Sino-US security cooperation will serve the objectives of the United States in the area. The perception of a permanent military presence depends largely on the stationing of naval and air capabilities at Clark Air Base and Subic Naval Station. If these Philippine bases (the facilities in Australia are much smaller and have less significance in Southeast Asia) had to be abandoned, the resulting departure of US forces might cause leaders in many nations to view US-China security cooperation more critically than when US forces were present. In addition to their military function, then, the US military facilities have a political function of significance, particularly in Southeast Asia. Yet in the future, because of domestic Philippine politics, the United States could find it impossible to maintain Clark Air Base and Subic Bay Naval Station,<sup>26</sup> even though they now appear to be critical to the execution of US strategy in East, South, and Southwest Asia. Therefore, alternative arrangements to maintain the perception of a permanent US military presence should be continuously explored and contingency plans capable of rapid execution developed so that the benefits which accrue from closer security cooperation with China may be retained, even if the military advantages of Clark and Subic cannot be duplicated.

(6) (U) US-China security cooperation would only seem to affect the other US regional objectives indirectly, in the sense that US-China relations may enhance or diminish the general impression of the United States.

## 6. (U) South and Southwest Asia.

a. (U) The United States, Soviet Union and China have all been involved to varying degrees with South Asia since the early 1950's. The concern of each of these nations with the other has been reflected in their relations with India and Pakistan. Diplomatic support along with economic and military assistance have been the instruments of superpower foreign policy towards the subcontinent.

(1) (U) Traditional concern for South Asia has in recent years been supplemented with a major and direct US commitment to Southwest Asia. The denial of this area to the Soviet Union, and continued access to oil and SLOC's, has meant the exacerbation of US-Soviet relations which, in turn, impinge on Sino-US relations.

(2) (U) The strengthening of the US commitment to South and Southwest Asia is a positive turn of events from Beijing's point of view. For years, it has warned that the US "hands off" policy is an example of self-deception because it only

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enables Moscow to move in to exert its "hegemony" southward.

(3) (U) Moscow has repeatedly pushed South Asian nations to subscribe to some form of a system of collective security in Asia. The initial timing of this proposal, made on the heels of the 1969 Sino-Soviet border clash is seen not only by Beijing, but also by other nations in Asia, as a plan to contain the PRC. The Soviets have refuted Chinese accusations that their plan calls for an encirclement of China by a Soviet sphere of influence in Asia by pointing out that the USSR is not only a European but an Asian power as well.<sup>27</sup> The Chinese counter that the Soviet scheme "means that developing countries must meekly submit to the men in the Kremlin as if they were Moscow's vassal states."<sup>28</sup> China has been especially concerned that Moscow does not solidify the southern flank of China and that "Soviet revisionism's tattered flag for an anti-China military alliance"<sup>29</sup> not succeed.

(4) (U) Taken in this context, US efforts to oppose the Soviets in their own backyard, i.e., in South and Southwest Asia, is a move welcomed by Beijing. Unlike the containment policies of the 1950's, Washington's current focus on Moscow's possible move southward mirrors similar concerns in Beijing. As such, it is a policy long advocated by the PRC.

b. (U) Beijing's policy in South Asia has been closely tied to the state of its relations with Moscow. Furthermore, alignments in South Asia have been polarized around either the USSR or the PRC.

(1) (U) Another major Asian power, India, has competed with China within Third World councils. Today, the PRC may have eclipsed India as a leader of the Third World. Beijing's self-declared policy of eschewing superpower status is justified on the grounds that to be a superpower means "playing the tyrant in the world, and everywhere subject [sic] others to bullying, aggression and exploitation."<sup>30</sup>

(2) (U) Indian fears of the PRC transcend the military and involve the psychological. Memories of the rout suffered at Chinese hands in 1962 still remain. Despite years of concerted military development and an impressive industrial base capable of sustaining a respectable indigenous armament industry, New Delhi is obsessed with fears of an attack by China alone or in concert with Pakistan.

(3) (U) Given these fears, various Indian leaders, Mrs. Gandhi most prominent among them, see a real need for India's Moscow connection which is viewed as ensuring restraint by Beijing as well as Islamabad.

(4) (U) New Delhi is extremely suspicious of any talk of parallel interests between Washington and Beijing. Mrs. Gandhi displays a tendency to look upon a Sino-US response to any Soviet challenge in Afghanistan as a camouflage for extending US control in South and Southwest Asia. India sees China as welcoming such a move.

(5) (U) From the Indian perspective, Sino-US normalization is moving apace. Ever since full diplomatic recognition in January 1979, economic and diplomatic interaction has proceeded well, a trend which the Indians fear could presage closer military cooperation. While "de facto alliance" as reflected in the matrix of Sino-US relations would provide the worst case scenario, New Delhi is not pleased at even limited cooperation with military overtones, e.g., sale of dual-use technology.

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(6) (U) Indian predispositions to remain Moscow's friend in South Asia will make it extremely difficult to accept any form of Sino-US cooperation. While some movement towards normalization of Sino-Indian relations has taken place, as yet it is far from a significant rapprochement. The anti-US bias of Indian policy under Mrs. Gandhi will continue to be useful to Moscow since New Delhi can contest policies also unwelcome for the USSR. Indian condemnation of US reactions in Southwest Asia and an enlarged presence in the Indian Ocean are a case in point. Close relations between Washington and Beijing will make Sino-Indian normalization more difficult. However, the rapprochement may well not occur even if Sino-US cooperation remains limited.

(7) (U) Pakistan is the one country in the region with whom the PRC has been continuously and actively involved since the early 1960's. Ties have been strengthened because Islamabad supports Beijing's view of "Indian expansionism and Soviet hegemonism." Furthermore, Pakistan welcomed China's championship of the Third World and the loss by India of the position of leadership. Diplomatic and economic, as well as military, help from the PRC have been of tremendous significance for Pakistan. Nevertheless, Islamabad recognizes the limitations which the Sino-Soviet problem and the Indo-Soviet treaty impose on Beijing's full support for Pakistan. Even so, as General Zia stated in his July 1980 interview when speaking of the PRC: "Their word is as good as gold with us."<sup>31</sup>

(8) (U) The PRC also derives certain advantages from its relations with Pakistan. First, Pakistan has provided China with another link to the outside world, particularly before 1971. Second, Pakistan is the only friend China can count on in the important area of South and Southwest Asia. This can be especially useful with conservative Arab regimes who are, by inclination, indiscriminately anti-Communist. Third, Sino-Pakistan friendship restrains possible Soviet successes in Pakistan.

(9) (U) Seeing Pakistan as a shield against Soviet expansion, the PRC's response to the Soviet invasion of Afghanistan was to call for concrete measures and "practical actions" to stop further Soviet moves.<sup>32</sup> Thus, in the context of Chinese concern with Soviet power, Sino-Pakistani policies have reinforced each other, as Indo-Soviet policies have coincided in relation to China.

(10) (U) Islamabad would welcome closer Sino-US cooperation along the entire spectrum of possibilities. Because of its special role in the establishment of Sino-US ties, Pakistan would be pleased if the China opening was followed up with close interaction. However, Islamabad recognizes that there are difficulties in the path of close Sino-US cooperation.

(11) (U) Leaders in Pakistan believe that the closer the ties between the PRC and the United States the greater the likelihood that Beijing's pleas for more US economic and military assistance will receive favorable action. Therefore, improved US-China security cooperation is seen as providing a means of improving Pakistan's security.

(12) (U) Perceptions of countries of Southwest Asia who see a threat of external aggression supported directly or indirectly by the USSR coincide with Chinese perceptions. Beijing saw Soviet advances in the southern Arabian Peninsula and the Horn of Africa result from the 1977 war between Somalia and Ethiopia. Furthermore, the Soviets acquired a base at Aden and an anchorage near the island of Socotra

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in South Yemen even prior to the destabilization of Iran and the Soviet invasion of Afghanistan. These actions are perceived in key Southwest Asia countries as being indicative of the aggressive thrust of Soviet policy.

(13) (U) To combat further incursions, Beijing agrees with those nations who feel that a US presence is necessary in the face of the overwhelming Soviet advantage vis-a-vis regional powers. Beijing counsels for unity among regional countries so that a joint response to a common threat can be formed. It tells Pakistan that "the battle for Pakistan will be fought in Afghanistan."

c. (U) US interests and objectives in South and Southwest Asia have to do with the denial of this oil-rich area to the Soviet Union and its continued access by the West.

(1) (U) To Pakistan, US actions which help stabilize the area and ward off Soviet gains are welcome. Islamabad has questioned the reliability of Washington's commitment to Pakistan and has been reluctant to antagonize the Soviets. Pakistani rulers would consider strengthening of Sino-US relations via Options 1 through 4 as a positive factor, however, and might be influenced to openly support US positions toward the USSR by such a policy.

(2) (U) On the other hand, India would not appreciate closer US-China cooperation. Options 3 and 4 would be taken as signalling the establishment of a Sino-US condominium which would militate against Indian interests in playing a major role as a regional power. India would also see close Sino-US security cooperation as lowering US interest in a balanced policy, i.e., US recognition of India's preeminence in the region.

(3) (U) If Washington decides to furnish arms to Afghan resisters, then the PRC could be helpful in securing agreement from Pakistan for supply routes, although Pakistan's view of US unreliability may lead it to proceed extremely cautiously.

(4) (U) Adoption of Option 3 or 4 would solidify lines in South Asia. The Indians, not predisposed favorably anyway at this time, would oppose the United States as best they could. Smaller powers would probably not be alarmed because they would perceive the move as a counter to Indian supremacy.

(5) (U) Conservative Arab regimes would welcome a consistent US policy although their focus on the PRC remains limited at this time. Because they too oppose Soviet expansion, they share a common approach with Beijing.

(6) (U) Sino-US cooperation does not directly impinge on Iran except as a check on future Soviet actions. The Khomeini regime did not appreciate Chairman Hua Guofeng's August 1978 visit to Teheran. It cost Beijing goodwill in the post-revolution phase even though the PRC counselled the United States against strong anti-Teheran measures. In the PRC view: "If Washington wants to protect its vested interest in Iran, it has to resist Moscow's expansion."<sup>33</sup>

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7. (U) Western Europe.

a. (U) General.

(1). (U) Europe's interest in China has gradually intensified in recognition of China's role as an important player in world affairs, as well as a source of economic opportunities. In fact, all the West European nations except Portugal preceded the United States in formalizing diplomatic relations with China, and official relations between the European Economic Community (EEC) and China were established in May 1975.

(3) (U) Most Western Europeans recognize that China is an important Asian regional actor, with a key role in maintaining stability in that area, but do not view China as having much impact on security considerations in Europe. For example, most European strategists do not expect active participation by China in the often-discussed "two-front strategy" against the Soviet Union. China is militarily vulnerable, and Western Europeans realize that Beijing wants to ease tensions on the Sino-Soviet border by diverting Moscow's attention to the west. Nonetheless, China is viewed as contributing to European security by acting as a counterweight, tying down Soviet divisions on the Sino-Soviet border which could be deployed elsewhere.

(4) (U) West Europeans were attracted by the benefits inherent in economic penetration of Chinese markets after the Four Modernizations drive was launched, but trade has not reached the levels anticipated when official relations were established between the EEC and China. Recently there have been a series of contract cancellations, and trade may have already peaked for the short term.<sup>35</sup> China's two largest European trading partners, the Federal Republic of Germany and France, had a two-way combined trade with China of only \$696.3 million during the third quarter of 1980. This represents a reduction even before the recent spate of contract cancellations, from \$738.0 million for the same period in 1979.<sup>36</sup>

(6) (U) From the European perspective, trade with Beijing has been constrained due to China's lack of foreign exchange, and the Chinese propensity for

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making limited purchases with the intent of establishing reverse engineering projects. Moreover, at least until recently, European detente with the USSR has resulted in positive economic and political benefits which many Europeans will not sacrifice for closer ties to China. As pointed out by retired US Foreign Service Officer and noted scholar O. Edmund Clubb:

...The Western European(s)...will not be persuaded by Hua (Guogeng)'s summons to political confrontation with 'hegemonism' to abandon their profitable trade with the Soviet Union in favor of exploiting the 'boundless' market of China on unlimited credit.<sup>38</sup>

(7) (U) Western Europe's relationship with China is constrained to some degree by Moscow's adversarial relationship with Beijing. Moscow condemned the EEC-China trade agreement, and has repeatedly warned against arms sales and military collusion between Western Europe and China.<sup>39</sup> Western Europe would prefer an approach balanced between defense and detente in their relationship with the Soviet Union, so tensions can be reduced and resources diverted to alleviate domestic inflationary pressures. Europeans generally prefer a selective linkage approach in their relations with the USSR, with detente insulated from bilateral Soviet-American relations, SALT negotiations, and Sino-US relations that could threaten relaxation of international tensions. Europeans, and particularly the West Germans, are not ready to sacrifice the benefits of detente with a situation that might be described as a "Russian bear that is right outside their door."

(8) (U) The degree of detente pursued by individual West European nations is roughly in direct proportion to their geographic proximity to the Warsaw Pact border. While this oversimplifies the relationship, it is clear that Western Europe in general, and the West Germans and French in particular, view detente with Moscow in terms of practical, political advantages. The nations of Europe cannot be viewed as similar entities with identical reactions to Chinese overtures, Soviet warnings, and Sino-US rapprochement. Britain's sympathetic and traditional ties to the United States differ from France's independent mien and recent initiatives to deepen scientific, technical and economic cooperation with the Soviet Union.<sup>40</sup> The West Germans are perhaps more enigmatic. Although number one "capitalist trading partner" of the Soviet Union by 1978,<sup>41</sup> West Germany is still one of the staunchest allies of the United States, as evidenced by Bonn's boycott of the 1980 Olympics, protesting Soviet intervention in Afghanistan.

(9) (U) Any review of dissimilarities exemplified by the preceding short examples must be leavened when viewing the future by awareness of the new sense of unity in the European community. The European Economic Community has been growing steadily, and the European Parliament was formed following the election of members for the first time in 1979. A European monetary system was created in 1979 and consolidated in 1980, and there is now a European Court. The dynamics of this evolution into a distinct and stronger geopolitical community are just now beginning to be felt. Disparate and contrasting views from Western Europe can be expected for the foreseeable future, but there already has been some narrowing of these differences. This new network of communications and consultation will continue reducing differences in West European perceptions of security relationships.

b. (U) Perceptions of Potential Options of US-China Security Relations.<sup>42</sup>

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c. (U) Impact of Perceptions on US Interests and Objectives.

(1) (U) The US affiliation with Western Europe is marked by the exceptional depth, breadth, length and stability of the relationship, founded upon historical legacy, kinship and common values. The mutual reliance that exists between the two continents, though tempered by national self-interests, impacts on any views of initiatives with security implications.

(2) (U) West Europeans would feel threatened by closer Sino-US security ties (especially at the level of Option 3 or 4 in Arms Sales/Technology Transfers), based on the predictable Soviet reaction, and threats to detente and to the future of SALT and MBFR talks that are implicit in such a relationship. These perceptions will have a considerable impact on US initiatives towards Beijing, for while the United States too often fails in its commitment to close and continuous consultations with West European friends and allies, its first priority is still Europe. This commitment to West Europe, plus a strong mutuality of interests and security concerns, makes the United States highly sensitive and responsive to European perceptions.

8. (U) Special US Foreign Policy Issues. US security cooperation with China could conceivably have an impact on virtually all aspects of US foreign policy. In many cases, however, the linkage appears to be indirect and tenuous. US policy toward the Third World, over which China apparently wants to assert leadership, probably is affected by US-China relations, but it is uncertain what special impact security cooperation has. Similarly, while the developments in Sino-US relations have undoubtedly influenced American behavior in the United Nations, security cooperation probably will not make any direct and obvious difference. Two issues, the problems of Taiwan and arms control, do appear to be explicitly linked to US-China security cooperation.

a. (U) Taiwan. Although Mao Zedong and the Chinese Communists officially proclaimed the People's Republic of China over 30 years ago, the Chinese civil war has never been concluded. The survival of the Nationalist regime on the island province of Taiwan has created a long-standing issue which greatly complicates the development of US-China relations. The United States for many years guaranteed the security of Taiwan against any outside threat, and in the process prevented the reunification with the mainland which would likely have followed the Communist victory. In recent years US policy has undergone a transformation, shifting from a focus on Taiwan to a strategic alignment with the PRC; however, it is still painfully ambivalent on

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the question of Taiwan's future. In the face of growing political isolation in the international community, Taiwan has capitalized on its dramatic economic growth by substituting extensive commercial relations for official diplomatic relations. The political stability, rising standard of living and pro-Western orientation of Taiwan are frequently mentioned by its many friends and supporters in the United States. Despite the withdrawal of US diplomatic recognition and the growing strategic cooperation with China, many influential Americans are still firmly committed to preserving Taiwan's security and independence.

(1) (U) Unfortunately, the United States is uncomfortably placed in the middle of this triangular relationship, much closer to either side than the Chinese parties are to each other. For the time being, at least, the opposing views of Beijing and Taipei appear to be irreconcilable. China is fundamentally committed to the eventual reunification of Taiwan with the mainland, although it has demonstrated some flexibility on the pace and scope of the reunification process. On the other hand, the authorities on Taiwan, who still claim to represent the legitimate government of all China, have refused to consider reunification with the mainland under any Communist government. Taiwan has scorned the tentative concessions made by China's post-Mao leadership, and has vigorously renewed its vow to return to the mainland.

(2) (U) In this environment, characterized by the fundamental antipathy of the two Chinese factions, security cooperation between the United States and China will inevitably be a volatile, highly contentious issue. Policy problems will be compounded by the presence in the United States of vocal constituencies for both sides. The pro-Taiwan group, in particular, may seek to make security cooperation with China a domestic political issue if they perceive that Taiwan's security is being threatened.

(3) (U) While Taiwan would obviously prefer no US support whatsoever for China, it has resigned itself to American trade and investment in the mainland which will improve China's technological base and support the modernization drive. However, any initiatives which involve the actual sale of advanced weapons, transfer of modern defense technology, or military-to-military relations will be strenuously opposed by Taiwan, using whatever tools of persuasion it can muster. Influential US supporters of Taiwan, for example, are likely to articulate Taiwan's case when it would be impolitic for the latter to do so itself.

(4) (U) Domestic debate on the merits of increased US-China security cooperation underscores the rather stark implications for Taiwan. Any US aid and assistance which serves to upgrade China's military capabilities adversely affects the security interests of the authorities on Taiwan. The seriousness of these implications increases, of course, in direct proportion to the level of US-China security cooperation. At Option 1 level the consequences for Taiwan are negligible. In the long term, an extensive economic relationship supporting broad modernization of China's agriculture and industry probably would have a greater adverse effect on Taiwan's security than the relatively harmless security initiatives possible under institutionalized normalization.

(5) (U) At Option 2 level, the possibilities for substantial improvements in the Chinese armed forces increase markedly and would likely cause some serious concern in Taiwan. Nevertheless, the increased threat would likely remain at a manageable level for some time, due to the emphasis on defensive systems and technology.

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(6) (U) If the United States initiated security cooperation with China at the Option 3 level, more immediate Taiwanese security interests would be threatened. The distinction between defensive and offensive weapons may be clear in abstract discussions, but begins to break down quickly in practical applications.

(7) (U) At Option 4 level Taiwan would feel gravely threatened, since the PRC would receive the best available weapons and military equipment. Moreover, the United States would be so closely linked with the PRC in its security relationship that it could ill-afford to assist Taiwan, even were it inclined to do so. Several years would be required, at a minimum, before forces from the mainland would be able to successfully invade the island or force it to capitulate.

(8) (U) US-China security cooperation at successively higher levels will force the authorities on Taiwan to consider alternatives to present policies. If they continue to reject any form of reunification compromise with the Communists, regardless of the potential risks, several options are available. First, they can seek to align themselves with a countervailing power. Evidence of this can be seen already in Taiwan's interest in establishing some sort of formal security structure with Japan and South Korea. However, if threatened by a powerful, modernized China, Taiwan would need a stronger ally. The Soviet Union is probably the only power, other than the United States, which could effectively deter China from attempting forced reunification. A strategic alignment with the Soviet Union would probably be attractive only as a last resort after all other options had been foreclosed.

(9) (U) Another alternative open to Taiwan is to develop and produce nuclear weapons. While it has not sought so far to acquire such a capability, Taiwan is among the growing number of countries possessing the necessary technical and productive capacity to do so. Faced with a growing threat from the mainland, possibly as a partial consequence of US-China military cooperation, Taiwan could view the development of a nuclear deterrent as a quick, albeit very dangerous, means of guaranteeing future security.

(10) (U) Taiwan would prefer a strong, unequivocal US commitment to its security, but realizes assurances incorporated into the Taiwan Relations Act of 1979 are probably the best it can expect under the circumstances. However, by confirming the policy of the United States "to provide Taiwan with arms of a defensive character," the Act does offer Taiwan the option of appealing to the United States for newer, better weapons. Such pleas have been made regularly since derecognition, and serve to keep Taiwan in the public eye, reinforcing the US security commitment. Militarily, the ability to purchase advanced weapons systems from the United States provides Taiwan the means to maintain a substantial qualitative advantage over the mainland. As US-China security cooperation moves past the Option 1 level, requests from Taiwan to purchase arms will likely increase. However, this becomes a less viable course of action if the deepening US-China security relationship moves to Option 3 or 4 levels. At that point, the strategic significance of the relationship would likely be too great for the United States to jeopardize by selling more arms to Taiwan.

(11) (U) US-China security cooperation need not necessarily reinforce Taiwan's determination to remain implacably hostile to China. Certainly at Option 1 level, and perhaps Option 2 as well, Taiwan is not likely to modify its present foreign policy positions. At these levels, there is little or no incentive for Taiwan to seek any accommodation with China, or even to improve relations. Taiwan's impressive economic performance, accompanied by an increase in trade links and other commercial



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relations with the West, is building renewed self-confidence. At the same time, many Western nations have been disillusioned, at least temporarily, by the prospects for trade and investment in China. In the wake of successive economic "readjustments," which have caused the deferral or outright cancellation of major projects already contracted, the wisdom of reducing trade with Taiwan in order to gain favor with China is being reassessed. Security cooperation at Option 3 or 4 levels, however, would serve notice to Taiwan that the economic advantages it enjoyed could not sufficiently compensate for the deterioration in security which would inevitably follow. Under these circumstances, Taiwan would be more inclined to consider limited rapprochement with the mainland, perhaps leading to eventual peaceful reunification.

(12) (U) In the preceding instance, US-China security cooperation at the higher levels could serve long-term US interests in the region. However, operationalizing and orchestrating a US policy to achieve the objective of bringing Taiwan and China closer together by entering an extensive security relationship with the latter would appear to be both difficult and dangerous.

b. (U) Arms Control. China's successful test of a long-range ICBM in May 1980 and the US-China security relationship will likely complicate future arms control negotiations. China's declaratory position is that it opposes bilateral superpower arms control efforts, particularly SALT. China's opposition rests on a belief that such efforts are evidence of the world's two hegemonic powers attempting to divide the world and dictate to lesser powers. A declaratory rejection of SALT also reflects more fundamental, immediate Chinese concerns. First, China is clearly inferior in strategic nuclear weapons. Acceptance of the philosophy of strategic nuclear arms control could consign China to a permanent state of inferiority vis-a-vis its two primary adversaries. Second, to date the SALT process has not extended to "gray area" systems. However, "gray area" systems, particularly the Soviet SS-20, BACKFIRE, MRBM, and IRBM, represent the most immediate and severe nuclear threats to Chinese security. Third, China has continually pointed out to the United States that SALT has neither constrained Soviet aggressive behavior, nor limited Moscow's strategic nuclear growth. China essentially sees the Soviets using SALT as a device to create a climate of opinion in the West which weakens the US commitment to strategic nuclear modernization, while Moscow continues to improve its nuclear forces not only in throw-weight and accuracy but also in the number of systems.

(1) (U) These Chinese perceptions could have an adverse impact on future strategic arms limitation negotiations, particularly if China is to be a tacit US partner as a result of US-China security cooperation. In both SALT I and II, Soviet negotiators pointed out that the strategic nuclear threat to Moscow included not only US ICBM's, and French, British, and US forward-based systems, but Chinese weapons as well. This is one reason the USSR was able to successfully argue during SALT I that it needed more strategic weapons systems than did the United States. Moscow had to deter a variety of "strategic" threats, while the United States essentially was only concerned with the Soviet Union. If China continues its opposition to SALT, it could be difficult to achieve significant reductions in Soviet strategic systems. Continued Chinese nonparticipation in SALT could also mean that in order to obtain a SALT agreement the United States will have to allow Moscow an additional increment in capability to "deter" the Chinese. If this is true, the United States could face a serious dilemma that would be difficult to resolve: its foreign policy would call for encouraging the Kremlin to target some of its strategic nuclear forces on China, while simultaneously strengthening Chinese military capabilities through security cooperation.

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(2) (U) Second, given the levels of interaction between China and the United States which are suggested by the matrix in Options 2, 3, and 4, the Soviets could conclude that Washington was actually able to influence Chinese behavior as a result of US-China security cooperation. If the United States was unable to convince Beijing to participate in arms control negotiations, some Soviet policymakers (particularly those of the traditionalist persuasion) might conclude that the United States really was not interested in arms control. Rather, they could think that by means of US-China security cooperation the United States was attempting to enhance its strategic nuclear position by augmenting its capabilities with Chinese nuclear weapons.

(3) (U) Third, an increasing Chinese strategic nuclear threat could revive Soviet interest in revising the ABM treaty. In part, both Moscow and Washington agreed to the 1972 ABM treaty because the state-of-the-art in ABM technology was such that neither could adequately protect its missiles or national command authority from an all-out nuclear attack. However, a limited ABM capability could provide the Soviets with a significant margin of protection against the Chinese nuclear threat, at least for the next 10 to 15 years. Conceivably Soviet planners could be tempted to abrogate the current ABM treaty or negotiate its amendment and deploy additional missiles to knock down Chinese missiles. Any Soviet effort to increase its ABM capabilities might be viewed in the West as increasing the Soviet threat to the United States, thus destabilizing mutual deterrence. On the other hand, in the future, the United States may also be interested in deploying ABMs to reduce the vulnerability of American ICBMs.

(4) (U) Fourth, any attempt to involve China in strategic nuclear arms limitation forums would necessarily surface the issue of forward-based systems, since these are the most threatening to China. However, discussing limitations on SS-20's or BACKFIRE's in the Far East would open the door to similar questions about those systems in Europe, an issue of equal importance to the Soviets. US and European gray systems which are capable of hitting Soviet territory are currently not considered "strategic" for the purpose of nuclear arms limitations discussions.

(5) (U) All of these issues may very well be raised in the coming decade even if there is no security cooperation between the United States and China. However, it is possible that the existence of US-China security cooperation could significantly complicate the strategic nuclear arms limitation process by creating the initial impression of a commonality of views between Washington and Beijing that would not exist. In the long run, the two superpowers probably have no alternative but to include China, as well as the other nuclear powers, in strategic arms negotiations. However, bilateral US-Soviet SALT negotiations are already in jeopardy. The possibility that US-China security cooperation might seriously complicate an already difficult problem should be recognized.

(6) (U) MBFR negotiations present similar problems for the United States in the context of a possible security relationship with China. On one hand, an MBFR agreement reducing the size of Soviet forces facing Central Europe is in US and NATO interests. On the other hand, it is not in Chinese interests that Soviet forces removed from Europe be made available for redeployment to the Far East. Theoretically, at least, it could be argued that successful MBFR negotiations would reverse what is now the primary modus operandi for security cooperation with China. The present rationale for security cooperation with China is to relieve Soviet military pressure on Europe. MBFR agreements which enabled Moscow to redeploy some of its forces to the Far East could mean that US-China security cooperation at Options 2, 3, or even 4 might become necessary to balance growing Soviet power in Asia.

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## CHAPTER 4

### CONCLUSIONS AND RECOMMENDATIONS (U)

#### Section I. (U) Conclusions.

##### 1. (U) Advantages in Expanding Security Relations With China.

a. (U) The continuation of the Sino-Soviet split supports many US interests and objectives, since it ties down Soviet forces, relieves pressure upon the European theater, and creates anxieties and uncertainties for Soviet planners. These benefits were available to the United States before a US-China security cooperation program was adopted. However, the existence of security cooperation explicitly recognizes that China and the United States have parallel strategic interests, particularly vis-a-vis the USSR, and reinforces the perception of a basic strategic realignment opposing the Soviet Union.

b. (U) Security cooperation provides access to China which was not previously available. US-China contacts had not included interaction between defense and military officials until Secretary of Defense Brown visited Beijing in early 1980. High level contacts between the defense establishments of both countries are now becoming more routine, enabling both governments to become better informed about the policies, problems and strategic perspectives of the other. It is doubtful that the United States can cause the PRC to make internal decisions which Washington wants to see occur, if Beijing believes such decisions do not serve its national interests. However, since security cooperation implies a stronger mutual political commitment than the mere association of nations, it may provide additional reasons for Chinese decisionmakers to decide that China's interests will be served by deferring to US preferences and expectations and possibly increase the available US levers to influence Chinese decisionmakers. A mutually beneficial security cooperation program will reduce the likelihood of a return to hostile bilateral relations between the United States and China.

c. (U) As a result of security cooperation, US capabilities for gathering information on the Soviet Union have been significantly enhanced. Expanded security cooperation could insure constant and reliable US collection capabilities against Soviet ground forces on the Sino-Soviet border and the Soviet Pacific Fleet, as well as strategic nuclear weapons tests.

d. (U) Personnel exchanges can provide a means to increase general US knowledge of China and provide important opportunities to influence the PLA. Option 2 level security cooperation encompasses exchange visits between working level groups, and discussions of possible common approaches to common problems. Option 3 calls for the United States to assist China to develop doctrine and to integrate new weapons and equipment. Such activity necessitates extensive personal interaction and mutual confidence building. These actions would create a corps of Chinese and Americans whose shared experiences could facilitate US influence among China's military professionals.

e. (U) US-China security cooperation tends to support the pragmatic leadership coalition now in control in China. This group values closer relations with the United States and has aggressively sought to restrain Soviet expansionism. A key factor in their ability to retain power in China will be the success of the Four Modernizations program. If US-China security cooperation supports the defense

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modernization program, and does not undermine the other three higher priority modernizations, it should also help secure the tenure of the pragmatic leadership.

2. (U) Risks in Expanding Security Relations With China. Security cooperation, while an essential component of the US relationship with China, are also the most sensitive component of the relationship. Increases in China's military capability will have consequences not only in Asia, but also throughout the world. Decisions concerning the pace, timing, and substance of changes in US security relations with China should therefore be considered in light of the possible risks to US interests and objectives discussed below.

a. (U) A program of arms sales/technology transfer and training will most likely have an adverse impact on US-Soviet relations. It will strengthen the position of the traditionalists in the Soviet hierarchy and weaken the pragmatists. A traditionalist-dominated Soviet Union is less likely to be enthusiastic about SALT or interested in East-West dialogue, presumably still objectives of US policy, and more inclined to support autarky and the competitive (rather than cooperative) aspects of US-Soviet relations.

b. (U) Heightened threat perception resulting from US-China security cooperation might cause the Soviets to increase their troop strength on the Sino-Soviet border without reducing deployments opposite Western Europe. When the Soviet Union increased its Asian deployments in the 1960's and 1970's, forces were not transferred from other locations. Rather, the total strength of the Soviet armed forces was increased. New Soviet divisions deployed against China may have low levels of manning and readiness. Nevertheless, they will represent an increased threat and, given the tendencies of worst case planning, could have an adverse impact on perceptions in China, the United States, and other nations.

e. (U) Arms sales/technology transfer and training programs could create tension between the United States and NATO allies, particularly if Sino-US cooperation goes hand-in-hand with reduced US interest in detente. Europeans, particularly Germans, prefer to follow a selective linkage approach in their relations with the USSR. Germans feel they have benefitted economically and politically from detente and that military tensions in Europe have lessened. They do not want to see these positive

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regional developments jeopardized by US actions in other areas of the world. Therefore, security cooperation with China at the higher levels could undermine NATO solidarity, especially if US allies were not fully consulted ahead of time. The Soviet Union, which always tries to weaken the ties of the United States and its NATO allies, would likely seek to exploit such a situation.

f. (U) Any equipment provided to China under Option 3 or 4 would improve Chinese military capabilities against US allies or other pro-Western regional states. Under the hypothetical possibilities of Option 3, F-X aircraft or naval surface vessels might increase the potential threat to Taiwan, Japan, and South Korea. While the military threat would be initially marginal (except possibly to Taiwan), it is likely that US regional allies would request more advanced weapons for themselves. This could lead to a regional arms race, with the United States providing weapons to all the participants.

g. (U) Due to the massive size of the Chinese armed forces, transfer of substantial quantities of weapons and equipment would be necessary before an appreciable improvement in Chinese capabilities could be achieved. If such items were provided to China from active or reserve forces inventories, modernization of the US force structure could be seriously retarded and the readiness levels degraded. Providing equipment from wartime replenishment stocks could further degrade US capabilities to meet general war or special contingency requirements.

h. (U) Higher levels of US-China security cooperation might cause Japan to question the wisdom of basing its defense almost exclusively on the alliance with the United States. While this might spur Japanese officials to increase defense expenditures, a significant program of security cooperation with China, coupled with increased emphasis on other aspects of US-China relations, could lead them to conclude that China, rather than Japan, was becoming the cornerstone of US strategy in Asia and the Pacific. Moreover, while Japan views China as a limited military threat today, a modernized, militarily powerful China would be considered a serious threat. Finally, Japan wants to avoid unnecessary confrontations with the Soviet Union, and thus is not eager to be included in an anti-Soviet coalition with the United States and China.

i. (U) Arms sales or transfers of military technology to the PRC will insure that Taiwan remains a major issue. Superficially at least, the US and Chinese positions are similar. In reality, they are far apart, and probably irreconcilable for the time being. The authorities on Taiwan, and their influential supporters in the US Congress and elsewhere, will react to every real or potential increase in the military capabilities of China with demands for more and better arms for Taiwan. This will lead to predictable protests from Beijing and a renewed cycle of recrimination. A lasting, mutually beneficial relationship with China will be difficult to achieve under these conditions. The best that can be expected is that both nations can find sufficient common ground to overlook their deep differences on the issue of Taiwan's future. Extensive US-China security cooperation will make this more difficult.

j. (U) The solidarity of ASEAN could be weakened by extensive US arms sales to China. ASEAN states have strongly opposed, in varying degrees, the spread of Soviet influence in the region. However, some of them, particularly Indonesia and Malaysia, consider China a more serious long-term threat than the Soviet Union. Singapore and Thailand, on the other hand, presently view China as a potential ally against Vietnam and the USSR. Expanding the range of US security cooperation with China might increase the perception of threat held by most Indonesians and Malaysians, draw Singapore and Thailand closer to the PRC, and thus endanger ASEAN's unity.

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k. (U) Present security cooperation with China requires the maintenance of current US force levels to preserve the confidence of friends and allies in the US commitment to East Asia. If higher levels of cooperation which include the transfer of offensive weapons and/or weapons technology are achieved, an even larger or qualitatively higher US presence in order to underscore commitment may be required.

(1) (U) At least three possible developments support this assertion. First, in response to certain activities of higher levels of US-China security cooperation, the Soviet Union may increase its forces on the border with China and its Pacific fleet. An American administration, as well as Asian allies and some elements within Congress, would probably want to offset such a development. This would be judged necessary to maintain the Asian balance of power. Second, North Korea and the Soviet Union may develop a closer relationship which would increase the sense of threat in Seoul and require compensating action by the United States. And lastly, Japan, South Korea, Indonesia, Malaysia, and perhaps other states would probably want to insure that there is sufficient military power to balance China's new military capabilities. Tokyo, Seoul, and possibly others might increase their own capabilities. But, until new forces of their own become available, they probably would seek an increased US presence.

(2) (U) Therefore, the first step towards security cooperation could create a need to raise US force levels to assuage Asian fears. Moreover, this probably will happen when there will still be a need to devote additional resources to Southwest Asia. Assuming no change in the level of deployments in Europe, the existing force structure could not provide necessary capabilities for Asia. To begin an expanded program of security cooperation before additional forces designed for deployment in Southwest or East Asia have been added to the force structure involves accepting a serious risk. While the Reagan Administration is committed to increasing the size of US forces, no additive units have yet been programmed to meet this requirement.

(3) (U) It would thus be extremely risky to set this series of events in motion in the absence of additive programmed and/or budgeted forces. Also, even if additive forces were programmed, close consultation with our allies would be essential. These constraints involve extremely complex problems of coordination and control.

## Section II. (U) Recommendations.

3. (U) General. The United States should pursue a program of expanded security cooperation with China. It can provide obvious benefits to both nations if conducted in a manner which minimizes the otherwise potentially serious risks. This goal can be facilitated by adhering to three principles, which are suggested by the analyses of this report.

a. (U) While strategic considerations will necessarily continue to be important, the overall relationship between the United States and China should be allowed to mature and develop on its own merits, and not be used solely as a lever against the Soviet Union. If increasingly higher levels of security cooperation with China are tied directly to unacceptable Soviet behavior in other parts of the world, this implies that China is less than an independent factor in US policy deliberations, i.e., if Soviet behavior becomes less threatening to US interests and objectives, there will be only a small, if any, role for China to play in US foreign and defense policy. Furthermore, if US policy toward China is merely one element of US-Soviet

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relations, it can only coincidentally contribute to the achievement of American objectives not related to the Soviet Union. An enduring relationship with China is probably not possible if this is the basis of US policy.

b. (U) If security cooperation is to play a positive role in future US-China relations, it should not become the leading element of the relationship. Shared strategic perspectives are important, but the mutual commitment implied by security cooperation should rest on a broad, firm base of economic, political and cultural relations. Attempts to substantially expand security cooperation will ultimately fail, possibly with serious side-effects, unless they reflect growing confidence and consensus between the United States and China in these other areas as well.

c. (U) Making arms sales and weapons technology transfers the driving feature of US-China security cooperation involves unnecessary risks. Such a policy could cause the Chinese to expect more than the United States would be willing or able to provide, endangering the entire relationship if their expectations are not met. It may also encourage, in China and elsewhere, the belief that the PRC has greater significance in US strategic planning than is actually the case. Other aspects of security cooperation are more likely to solidify the relationship and accomplish US national security objectives.

#### 4. (U) Specific Recommendations.

a. (U) If requested, limited sales of clearly defensive weapons and technology--but not those with offensive applications--should be approved after consultations with allies and friends in Asia, whose opinions should be given appropriate consideration. International reactions to the initial sales should be weighed carefully before approval of subsequent requests.

b. (U) Option 2 training activities could be implemented selectively, with PLA officers attending Command and General Staff or senior service level institutions. Courses which are substantially related to the use of equipment and technology not available to China should not be open to Chinese students.

c. (U) Regular port calls by US ships and discussions with the Chinese over common approaches to take when coincidental interests are threatened, the plans/exercises activities of Option 2, could be implemented without threatening China's neighbors or destabilizing the region. It should be recognized, however, that the Soviet Union may attempt similar actions with its allies in the region to show its concern over US initiatives. Assisting the PRC develop plans and doctrine for use of new equipment (Option 3) which the United States has agreed to provide could be considered also.

d. (U) Exchanging nonsensitive intelligence data (Option 2) carries little risk if implemented carefully, insuring that sensitive sources and capabilities are not compromised. In addition, benefits may be derived through the addition of Chinese input to US intelligence data.

e. (U) Exchanging visits between working level officials and exchanging observers during some military exercises, "Other" (Option 2) activities, could also be approved without being provocative or destabilizing.

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Section III. (U) Implications for the Army.

5. (U) Role of the US Army. If it is desired that the United States should provide higher levels of security assistance to China, the US Army should assume a leading role. The PRC Army is the largest and most influential component of China's armed forces. Because of this, the Chinese tend to assume that the US Army is also the dominant service. They probably would expect the US-Chinese bilateral military relationship to focus on army-to-army interactions. Modernization of the PRC Army would have less impact on China's ability to project power beyond its borders than would modernization of the PRC Air Force or Navy, and therefore would be perceived as relatively less threatening by China's neighbors, including US friends and allies. Therefore, the US preference should be to place its priority on PRC ground forces. <

6. (U) Army Force Presence in East Asia. US-China security cooperation 4 implies the requirement that the Army, as well as Navy and Air Force, presence be maintained or, if Options 3 or 4 are implemented, expanded. The reassurance Asians find inherent in the presence of the US 2d Infantry Division in South Korea imposes a special imperative that it be retained within East Asia. }

7. (U) Chinese Language and Area Training. Continuing security cooperation with the PRC will impose a requirement for more language/area qualified personnel in the Army. The initial need will be greatest at the higher levels, where many varied interactions with the PRC would take place. Even at the present level of security cooperation more China Foreign Army Officers may be necessary if the number of contacts between the two nations increases.

9. (U) Intelligence Collection. US-China security cooperation at Option 2 and higher levels will enhance US Army capabilities for collecting intelligence on China and the Soviet Union. >

10. (U) Reorganization of Army Elements Within the Pacific Command. Security cooperation with China at Option 2 or higher may require reorganization of the US Army Western Command, and perhaps Eighth US Army and US Army Japan as well. The Army will not only have added responsibilities directly because of the security cooperation programs, but it will also have the tasks of supervising added forces and activities required in other parts of Asia because of security cooperation with China. The present system of major Army commands may not be appropriate to deal with these changes in responsibilities and changes in the international environment. }

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## ENDNOTES (U)

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1. (U) In 1972, total US-China trade was \$95 million, two-thirds of which was exports to China. US Central Intelligence Agency, China: Economic Indicators, p. 41. In 1980, exports were valued at \$3,754.9 billion and imports at \$1053.6 billion, for a total of \$4,808.5 billion. Jeffery Lee, Department of Commerce, February 26, 1981.
2. (U) Department of State Bulletin, October 1979, p. 10.
3. (U) China: US Policy Since 1945, p. 260.
4. (U) US Department of Defense, Draft Consolidated Guidance, FY 1980-1984, March 7, 1978, p. A-12, SECRET.
5. (U) Ibid., p. D-11.
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7. (U) US Department of Defense, "For Comment Edition of Consolidated Guidance, FY 1982-1986," p. D-4, SECRET.
8. (U) Strategic Studies Institute, US Army War College, Army Strategic Appraisal 1984-91 (U): Main Report (U), The Strategic Perspective (U), p. C-6, SECRET.

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1. (U) Strategic Studies Institute, US Army War College, Army Strategic Appraisal 1984-1991: Main Report: The Strategic Perspective, pp. 5-6. SECRET.
2. (U) Joint Chiefs of Staff, Joint Long-Range Strategic Appraisal, FY 1991-FY 2000 (JLRS FY 91-2000) (U), Draft (22 December 1980), p. B-5. SECRET.

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1. (U) Roman Kolkowicz, The Soviet Military and Communist Party and "The Military," in Interest Groups in Soviet Politics, ed. by H. Gordon Skilling and Franklyn Griffiths, pp. 131-169.

2. (U) Kenneth A. Meyers and Dimitri Simes, Soviet Decisionmaking, Strategic Policy and SALT, prepared for US Arms Control and Disarmament Agency, ACDA/PAB-243, pp. 27-41 and 60-81.

3. (U) Franklyn Griffiths, "A Tendency Analysis of Soviet Policy-Making," in Interest Groups in Soviet Politics, pp. 335-377; Lawrence T. Caldwell, Soviet Attitudes to SALT, Adelphi Papers No. 75, pp. 2-4; Lawrence T. Caldwell and William Diebold, Jr., Soviet-American Relations in the 1980's: Superpower Politics and East-West Trade.

4. (U) Major General M. Monin, "The Lie of the Century and the Truth of History," Voyenno-Istoricheskiy Zhurnal (January 1980), pp. 63-71, in Joint Publication Research Service (JPRS) 75529, p. 78. Hereafter cited as JPRS.

5. (U) Caldwell and Diebold, Soviet-American Relations in the 1980's, pp. 80-81; and Robert L. Arnett, "Soviet Attitudes towards Nuclear War: Do They Really Think They Can Win?" Journal of Strategic Studies, Vol. 2, No. 2, September 1979, pp. 172-191.

6. (U) Kommunist (February 1980), pp. 95-106 in JPRS 75583. This was an unsigned article in the party's most influential journal. Most Sovietologists believe that such unsigned articles in Kommunist, Izvestiia or Pravda, are intended to portray the official position of the party or government.

7. (U) A.A. Nagornyy and A.B. Parkanskiy SShA: Ekonomika, Politika, Ideologiya (August 1980), pp. 29-37 in JPRS.

8. (U) Ibid., p. 26.

9. (U) V.B. Lukin, SShA: Ekonomika, Politika, Ideologiya (December 1979), pp. 50-55 in JPRS 75136, p. 67.

10. 10. (U) Major General D. Volkogonov, "On International Themes: Irreconcilability Toward Maoism--The Ideology and Politics of War," Kommunist Vooruzhennykh Sil (May 1980), pp. 75-81 in JPRS 76143, p. 144. See also an authoritative unsigned article Kommunist (July 1980), pp. 101-109 in JPRS 76548, pp. 123-140, which suggests similar problems for any US-Chinese security relationship.

11. (U) Bernard K. Gordon. "Loose Cannon on a Rolling Deck? Japan's Changing Security Policies," Orbis, Vol. 22, No. 4, Winter 1979, pp. 967-1005.

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12. (U) Ibid.
13. (U) Tomohisa Sohanaka, "Military Threats and Japan's Self-Defense Capability," Asian Survey, Vol. XX, No. 7, July 1980, pp. 763-775.
14. (U) Ibid., p. 774.
15. (U) Hiroshi Kimura. "Japan-Soviet Relations: Framework, Developments, Prospects," Asian Survey, Vol. XX, No. 7, July 1980, pp. 707-725.
16. (U) Shinkichi Eto. "Recent Developments in Sino-Japanese Relations," Asian Survey, July 1980, pp. 726-743.
17. (U) Ibid.
18. (U) See Gordon.
19. (U) Fuiji Kamuja. "The Korean Peninsula After Park Chung Hee," Asian Survey, Vol. XX, No. 7, July 1980, pp. 744-753.
20. (U) Kamuja, p. 10.
21. (U) Most observers believe that Vietnamese leaders want to break the dependency relationship with the Soviet Union, and that they will do so as soon as they can without unacceptable risks to their security. Vietnamese are said to be intensely nationalistic, and also not very fond of Russians. For instance, see William S. Turley and Jeffrey Race, "The Third Indochina War," Foreign Policy, Spring 1980, pp. 92-116; Douglas Pike, "The USSR and Vietnam," in The Soviet Union in the Third World: Success and Failures, ed. by Robert H. Donaldson, pp. 251-266; and Derek Davies, "The Region: The Confucian Way," Asia 1980 Yearbook, p. 14. Some commentators, including Davies and Nayan Chanda of the Far Eastern Economic Review, have argued that a moderate group in the Communist Party of Vietnam had resisted the alliance with the Soviet Union but had had their efforts neutralized by the unresponsive positions of the United States. Ibid. and Asia 1979 Yearbook, p. 18.
22. (U) The discussion of ASEAN attitudes draws heavily on Guy J. Pauker, "Geopolitical Implications of Soviet Force Expansion in Southeast Asia, 1980-1985," The Rand Corporation, March 17, 1980, CONFIDENTIAL; and interviews by Thomas L. Wilborn in the various ASEAN capitals during July and August 1980.
23. (U) According to the Far Eastern Economic Review, the total population of Malaysia is 13.6 million. Ethnic Chinese account for 3.92 million, ethnic Indians 1.2 million, and "bumiputres" and others 8.48 million. The non-Malay population thus exceeds 37.6 percent. Asia 1981 Yearbook, p. 194.

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24. (U) Musa Ahmad, Chairman of the Communist Party of Malaya, but a figurehead rather than real leader, escaped (according to the Malaysian Home Minister) from China in November 1980, after having been in exile there 25 years. Far Eastern Economic Affairs, January 9, 1981, p. 10.

25. (U) Most Indonesian officials and analysts, with the support of a number of American observers, maintain that US-Vietnamese normalization will be the key to any political settlement of the Kampuchean issue. Official US policy, however, is that the United States will reopen diplomatic relations with Vietnam when its troops have been withdrawn from Kampuchea, i.e., after a political settlement has already been achieved.

26. (U) All anti-Marcos groups in the Philippines are not also anti-American, and the removal of Marcos would not necessarily lead to official demands for the removal of American bases. However, it is generally accepted in the Philippines that US bases and US assistance have helped Marcos remain in power, and most opponents of the present regime are critical of either the presence of US bases or the agreement between the United States and the Philippines.

27. (U) Howard Hensel. "Asian Collective Security, The Soviet View," Orbis, Vol. XIX, No. 4, Winter 1976, pp. 1564-1580.

28. (U) Beijing Review, No. 49, December 2, 1977, p. 24.

29. (U) Ibid., No. 26, July 4, 1969, p. 22.

30. (U) Speech by Vice-Premier Teng Hsiao-ping (Deng Xiaoping), April 1974, Beijing Review, No. 41, October 7, 1977, p. 39.

31. (U) With Shirin Tahir-Kehli, July 8, 1980,

32. (U) "PRC UN Representative Denounces Soviet Aggression," Foreign Broadcast Information Service (Hereinafter referred to as FBIS), Daily Report: People's Republic of China, January 11, 1980, p. A-2.

33. (U) Beijing Review, No. 15, April 13, 1979, p. 20.

34. (U) US State Department. Bureau of Intelligence and Research. Report #1089, China: The Current Scene. Washington, DC, November 22, 1978. (ADS-U 31 Dec 84).

35. (U) Weisskopf, Michael, "China: Inflation vs. Incentives," Washington Post, January 11, 1981, p. M-8.

36. (U) Direction of Trade, monthly published by the Bureau of Statistics, International Monetary Fund, Washington, DC.

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37. (U) Stockholm International Peace Research Institute, SIPRI Yearbook 1980, World Armaments and Disarmament, p. 128.

38. (U) Clubb, Edmund O., "China and the 'Industrialized Democracies'," Current History, Vol. 79, September 1980, p. 6.

39. (U) Biegel, Alfred, Lieutenant Colonel, China - The 16th Member of NATO: The Kremlin's View. Unpublished Paper, DAMO-FII, OACSI, Washington, DC, November 20, 1980, Appendix 4.

40. (U) See "Communique Released on USSR-French Talks." Foreign Broadcast Information Service (FBIS) Daily Report: Soviet Union, February 20, 1981, p. G1, translated from Izvestiya, Morning Edition, February 15, 1981, p. 5. Soviet-French trade increased 35 percent in 1980 compared to the previous year, and the two nations just formed a Joint Commission on Scientific, Technical and Economic Cooperation.

41. (U) "Weekly International Observers Roundtable," FBIS, Daily Report: Soviet Union, April 17, 1978, p. A1. Translated from Moscow International Service, April 16, 1978.

42. (U) While there are some contrasting views, portions of this paragraph are based on the J-5 report The US-Chinese Security Relationship. Ref: JCS 2118/292-1 (DecOn) J-5 P 154-80/1 (Working Paper), February 23, 1981, pp. 28, 35 and 43. (ADS-C /U ).

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APPENDIX A

12 JAN 1981



DEPARTMENT OF THE ARMY  
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS  
WASHINGTON, D.C. 20310

REPLY TO  
ATTENTION OF

DAMO-SSM

SUBJECT: Study Implications of US-China Security Cooperation (US-China)

Commandant  
US Army War College  
ATTN: Strategic Studies Institute  
Carlisle Barracks, PA 17013

1. PURPOSE: This letter requests the Strategic Studies Institute, US Army War College, to conduct the subject study.

2. STUDY TITLE: Implications of US-China Security Cooperation (US-China).

3. BACKGROUND: Relations between the United States and the People's Republic of China (PRC) have moved rapidly--faster than virtually anyone anticipated--since normalization was achieved on 1 January 1979. Not only have economic and political exchanges flourished, but cooperation in security affairs has been initiated. Secretary of Defense Brown and Deputy Premier Geng Biao have exchanged visits, and there have been a number of contacts between the two defense establishments at lower levels. Furthermore, export licenses have been granted to implement the US decision to sell nonweapon, dual-use technology (currently not available to the Soviet Union) to PRC. While other forms of security cooperation possibly will be initiated in the near future, they remain to be determined. At the present time, therefore, a substantial need exists for analysis of military factors to guide decisionmakers in the Army or other agencies involved in developing and implementing US security policy in this important area. ]

4. STUDY SPONSOR: Office of the Deputy Chief of Staff for Operations and Plans.

5. STUDY AGENCY: Strategic Studies Institute, USAWC.

6. TERMS OF REFERENCE:

a. Problem: Careful analysis of the implications of various levels and types of security cooperation with the PRC is needed to ensure that decisions which are made are in the national interests of the United States.

b. Purpose: To identify and analyze the implications for the United States of the evolving US-China security relationship.

DAMO-SSM

SUBJECT: Study Implications of US-China Security Cooperation (US-China)

c. Objectives:

(1) To examine the military and strategic implications of US-China security cooperation and estimate the benefits, risks, and costs, as far as relations with other international actors (e.g., Soviet Union, NATO, Japan, ASEAN, and India) are concerned.

(2) To identify the major objectives of security cooperation for both the US and the PRC.

(3) To specify areas in which cooperation may be beneficial to the United States, as well as areas in which cooperation is not desirable.

(4) To provide in conclusions, specific options and initiatives that policymakers can use in shaping US-Chinese cooperation security relationship.

d. Scope: The focus of the study will be on the military implications of US-China security cooperation. Both global and regional security perspectives are essential to this analysis. Political and economic implications will also be considered when appropriate. In summary fashion, the political, economic, and cultural context of security cooperation will be examined, as well as the historical record of US-Chinese cooperation. The potential impact of US-Chinese security cooperation on the major power centers and the major Asian actors will also be included. The report will be based on data provided by the US intelligence community, published literature, and interviews with individuals (government officials and civilian specialists) available in CONUS. Results of the study will provide the Army Staff with suitable alternatives and initiatives for formulation and implementation.

e. Limitations:

(1) The study team will not systematically consult with PRC officials.

(2) The study will not incorporate specific operational implications of US-China security cooperation for the Army.

f. Constraints: A draft report will be submitted to the Office of the Deputy Chief of Staff for Operations and Plans by 18 May 1981.

g. Timeframe: 1980-2000.

h. Assumption: The Soviet Union will remain the principal adversary of both the United States and the PRC for the foreseeable future.

i. Essential Elements of Analysis:

DAMO-SSM

SUBJECT: Study Implications of US-China Security Cooperation (US-China)

(1) What have been, and what will be, the benefits, risks, and costs of US-Chinese security cooperation as they relate to US relations with other major nations and groups of nations?

(2) How might increased US-Chinese security cooperation affect major US foreign policy programs?

(3) What are the probable immediate, mid-range, and long-range objectives of the United States and the PRC in seeking security cooperation with each other?

(4) What types of areas of security cooperation may be most beneficial to the PRC? Least beneficial?

(5) What types or areas of security cooperation may be most beneficial to the United States? Least beneficial?

(6) What are specific options and initiatives that the US should pursue in developing a cooperation security relationship with China?

(7) What types or areas of security cooperation may be most beneficial to the United States? Least beneficial?

j. Environmental Guidance. No environmental consequences are envisioned; however, the study agency is required to surface and address any environmental considerations that develop in the course of the study effort.

k. Estimated Cost Savings. No specific savings are projected, but the study group will consider possible savings or costs of all options proposed.

## 7. RESPONSIBILITIES:

a. Strategic Studies Institute will be responsible for design and conduct of this study.

b. ODCSOPS will:

(1) Provide guidance and facilitate contact with Army, DOD, and other agencies.

(2) Coordinate Army Staff review of the preliminary draft.

## 8. LITERATURE SEARCH:

a. Organizations with responsibility for or interest in the subject matter of the study:

DAMO-SSM

SUBJECT: Study Implications of US-China Security Cooperation (US-China)

OCSA

ODCSOPS: DAMO-SSM, DAMO-SSP, DAMO-ZC

ODCSLOG

ODCSRDA

OACSI

JCS-J5

Other Services

USD for Policy

ASD/ISA

NSC

State Department

CIA

DIA

451  
b. Related Study: JCS Interservice Review of US-Chinese Security Cooperation (ongoing).

9. REFERENCES:

a. Administrative and procedural: AR 5-5.

b. Substantive:

(1) National Intelligence Estimate for China (forthcoming).

(2) Consolidated Guidance.

(3) Draft Defense Policy Guidance (DPG).

(4) Joint Strategic Planning Document.

(5) Joint Strategic Planning Document: Supporting Analysis.

40  
(6) OSD Study, "Asia During a Worldwide Conventional War" (CG-8) and JCS follow-on analysis to CG-8.

(7) Army Strategic Appraisal.

(8) DAMO-SSP Study, US-Japan Cooperative Strategy.

(9) DAMO-SSM Study, National Security Policy for China (forthcoming).

10. ADMINISTRATIVE:

DAMO-SSM

SUBJECT: Study Implications of US-China Security Cooperation (US-China)

- a. Support. TDY costs will be borne by the parent unit of study participants.
- b. Milestone Schedule. A preliminary draft of the report will be provided by 18 May 1980. Other milestones will be developed at the option of SSI.
- c. Control Procedures.
  - (1) The Study Advisor is Major C. D. Lovejoy, DAMO-SSM.
  - (2) Direct coordination with the Army Staff, Army agencies, other Services, OSD elements, OJCS, DIA, NSC, State Department, CIA, and Library of Congress is authorized.
- d. Study Format. The Strategic Studies Institute will publish a final report and supporting documents in its standard format.
- e. Action Documents. Documentation will consist of a short main report plus other material as appendixes.

11. COORDINATION: This directive has been developed in coordination with Strategic Studies Institute.

FOR THE DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS:



R. L. SCHWEITZER  
MG, GS  
Director of Strategy,  
Plans, and Policy



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## APPENDIX B

### CHINESE INTERESTS AND OBJECTIVES IN SECURITY COOPERATION (U)

#### Section I. (U) Introduction.

1. (U) Purpose. The various long-term strategic interests affected by expanding US-China relations were identified in Chapter 2. US objectives related to the security cooperation component of that relationship were also specified, along with broad regional objectives for Asia and the Pacific. US interests and objectives constitute only half the bilateral equation, however. To fully understand the dynamics of the US-China relationship, China's interests and objectives must also be considered.

2. (U) Organization. This appendix will first present the Study Group's view of China's broad national interests, both domestic and international, from which specific national security objectives are developed. These objectives in turn provide the underlying rationale for current Chinese foreign policy and defense strategy. Subsequent sections will analyze first the advantages and benefits to China of cooperation with the United States and the West, particularly in the security area, and then the corresponding disadvantages and risks of such cooperation. Finally, an assessment of the limits of security cooperation, from China's perspective, will be offered.

#### Section II. (U) China's National Interests and Objectives.

3. (U) General. China has a number of vital national interests, both domestic and international, which are relevant to this study. Domestic national interests supported by closer relations with the United States fall into two major categories: economic development and political maturation. Another set of interests derive primarily from China's presence in the international system. As a practical matter these interests are all deeply interrelated.

#### 4. (U) Economic Development.

a. (U) The principal characteristic of the Chinese economy is a low level of overall development. Initially, the Communist regime made remarkable progress, achieving agricultural self-sufficiency while simultaneously laying the foundation for industrial growth. However, subsequent economic setbacks, first the abortive Great Leap Forward and later the Cultural Revolution, dealt severe blows to long-term national well-being. The latter was particularly injurious; China is only now recovering from its effects.<sup>1</sup>

b. (U) China's vast size and huge population insure that its economy is large and impressive in absolute terms. However, because of the low overall level of development it does not compare favorably with many other developing countries in per capita terms.<sup>2</sup> From the standpoint of natural resources, China's situation is generally favorable, but it does lack some key minerals.<sup>3</sup> Energy resources are quite extensive; China is not only self-sufficient in petroleum products and coal, but exports limited quantities of both as well. Initial optimism about China's potential as a major world petroleum supplier has waned somewhat, however.<sup>4</sup> Despite much-publicized purchases of grain from abroad, China is normally self-sufficient in the production of foodstuffs, although the margin of surplus is slim indeed.<sup>5</sup> Since virtually all arable land is already under cultivation, the government birth-control program, which aims for zero

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population growth by the year 2000, is particularly critical.<sup>6</sup>

c. (U) Economic development is the overriding concern of the present Chinese leadership. An ambitious development program was announced in early 1978 which focused on major modernization efforts in four key sectors: agriculture, industry, science and technology, and national defense.<sup>7</sup> Designated the Four Modernizations, the original program set unrealistic production goals and has since undergone several major readjustments. Despite this erratic start, the long-term prospects for economic growth are good if China can avoid both a major war and further debilitating political instability. Three specific objectives deriving from China's interest in economic development can be discerned:

- Improve the standard of living of the Chinese people.
- Lay the foundation for continued growth in the future.
- Establish the basis for increased national power.

d. (U) The key to the success of the Four Modernizations is the productive potential of the Chinese people. They are the most important resource China possesses, but are no longer easily roused by ideological appeals and mass mobilization campaigns. To counteract the legacy of apathy, cynicism and fear left by the Cultural Revolution and an endless series of lesser "struggles," the present leadership is appealing to the acquisitive nature of the Chinese people. Material rewards now provide the incentive for greater productivity.<sup>8</sup> Meaningful improvement in the standard of living, at the expense of Maoist egalitarianism if necessary, is the rationale for individual commitment to the economic development program.

e. (U) The stated goal of the Four Modernizations is to build China into a "powerful, modern socialist country by the year 2000." Marginal, short-term improvements are not being sought; the goal is long-term, comprehensive economic development in all sectors. If attained, this objective will insure progressive improvement in China's standard of living, while establishing the basis for long-range growth in aggregate national power.

5. (U) Political Maturation. In the Chinese system, politics and economics are inseparably linked. China's leaders understand that in order to achieve their economic objectives, politics must develop and mature as well. Three objectives are now evident.

- Political stability now and in the future.
- Systemic reform of an outdated set of socialist institutions.
- Consolidation of power by the present ruling coalition.

a. (U) If China is ever to enjoy sustained, significant economic growth, it must first achieve political stability. The Cultural Revolution, a period when politics ran out of control, has been declared a national disaster.<sup>9</sup> Moreover, this assessment is widely shared by the Chinese masses, who have been forced to bear the social and economic costs of political excess. A stable political environment, conducive to balanced development and capable of holding the confidence of the people, is an essential prerequisite for economic development.

b. (U) Achieving long-term stability in the Chinese political system will be a difficult task, as the history of the PRC makes abundantly clear. Power abuses and endemic factionalism at the highest levels have long characterized Chinese

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internal politics. Among the numerous causes of instability are the absence of effective, institutionalized checks and balances; the intense interplay of strong personalities; and an inability to forge a durable ideological consensus within the party leadership. Systemic reform, as currently envisioned, is not likely to eliminate these causes; however, it must at least reduce their disruptive potential.<sup>10</sup>

c. (U) The driving imperative behind political reform is the need to spur economic development by raising individual productivity. The dilemma facing the present Chinese leadership is to preserve socialism and the "fruits of the revolution," while at the same time affording wider opportunities for political participation at all levels. Loosening up of the system will be tentative at first, but is the necessary political corollary to economic reforms stressing decentralized management and material incentives. A major initiative in this direction has been the introduction of a "socialist legal system." Although still in infancy, it attempts to supplant the often arbitrary and inconsistent rule of man with the uniform rule of law. Cadre and worker alike need to know where they stand with respect to the system; they need to be reassured that "correct" actions taken today will not be cause tomorrow for criticism or punishment. Another recent legal innovation, the law governing joint business ventures in China, was an important step in expanding foreign investment and assistance in the Four Modernizations.<sup>11</sup>

d. (U) Another implicit political objective of the present leadership is to hold on to power and consolidate its control wherever possible. This natural preoccupation with survival is particularly salient in Communist regimes, where loss of political power frequently has serious personal consequences as well. The present leadership, usually characterized as "pragmatic" or "moderate," appears to have a solid hold on the reins of power. While Deng Xiaoping and his associates are consolidating their control of the party and state bureaucracies, long-term stability is still far from assured.<sup>12</sup> An outright failure of the modernization program, for example, would seriously undermine the moderates' position and could precipitate an internal power struggle, particularly if Deng himself had already departed the scene.

## 6. (U) International System.

a. (U) In addition to vital national interests primarily domestic in nature, China has important interests which derive from its role in the international system. These interests are shared by most sovereign states, and supporting objectives are quite similar as a result. In China's case a combination of history and contemporary geopolitics adds urgency to these objectives. Three principal objectives, all closely interrelated, can be identified.

- Preserve political independence and territorial integrity.
- Improve the overall level of national security.
- Increase global influence.<sup>13</sup>

b. (U) In order to place these in proper perspective, the collective impact of 4000 years of Chinese history must be appreciated. While much of the intellectual impedimenta of Confucian China has been permanently discarded, the existence of a distinct and unique Chinese world view is undeniable. Over the centuries, geographical circumstances and a Sinocentric culture have combined to temper China's contact with other civilizations. Less civilized neighbors were considered barbarians, and though waves of barbarian invaders periodically swept across China, even establishing their own dynasties in some cases, Chinese culture remained preeminent. China's moral

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and cultural superiority was unquestioned; even the barbarians acknowledged this through the formalities of the tribute system.<sup>14</sup>

c. (U) China's self-assurance was seriously undermined in the 19th century by a new wave of "barbarians." Using trade as the lever, the Western powers forced their way into China, exposing a corrupt, impotent empire in the process. By the end of the century China was on the verge of permanent partition at the hands of the imperialists. It barely managed to avoid that fate, and the fall of the Ch'ing dynasty in 1911 failed to produce the strong, unified China many nationalists and reformers had hoped for. In the 1920's a small Communist movement sprang up, first in the cities and then spreading to the countryside, and China slowly sank once again into civil war. Foreign imperialism, this time from Japan, brought China to its knees in the 1930's. Due in part to resurgent Chinese nationalism, the Communist Party experienced a tremendous increase in membership. Following World War II the civil war resumed in earnest, but the Nationalists soon proved no match for the well-organized, highly-motivated Communist armies. In 1949 the triumphant Communists established the People's Republic, thus ending China's "century of humiliation."<sup>15</sup> In light of recent Chinese history, much of it personally experienced by China's present leaders, preserving political independence and territorial integrity is a priority objective. Moreover, the goals of economic development and political maturation noted earlier insure that China will never again be subjected to foreign intervention.

d. (U) The objective of improving national security closely supports the preservation of political independence and territorial integrity. The Chinese need look no further than the period of foreign intervention to see how the inability to defend the country can quickly lead to political subjugation and economic exploitation. Despite the importance the Chinese Communists have consistently attached to national defense, they find themselves increasingly vulnerable to the growing military capabilities of the superpowers and certain regional military powers as well. Moreover, China has no natural allies and is likely to remain politically isolated to some extent. Viewing China's massive size and huge population, smaller neighbors can never be comfortable if they align too closely with China; on the contrary, they often seek linkages with other large nations to balance Chinese power.<sup>16</sup> China's last major attempt at an alliance, the 30 year Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance, fell apart barely 10 years after its inception, although it formally lapsed only in 1980. Because of their relevance to Sino-US relations, China's national security objectives will be examined more fully in a subsequent section.

e. (U) China's final objective in international affairs is to increase its global influence. The Communist leadership has a clear conception of China's "rightful" place in the world. Although it patronizes Third World countries by capitalizing on China's self-proclaimed status as a developing country, it is clear that the intent is to restore China to the first rank of world powers as quickly as possible. Growth in international power may not manifest itself in a Soviet-style drive for global hegemony or territorial expansion at the expense of regional neighbors. However, the Chinese will inevitably seek to exercise greater influence over global affairs as economic growth and the modernization effort draw it more fully into the international community.<sup>17</sup> This drive for increased political influence will probably have a regional component as well. China will likely seek to reassume its "natural" role as the dominant regional power, but will encounter resistance from Japan, the Asian economic superpower, and Vietnam, which is unwilling to accept Chinese hegemony over Southeast Asia.

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f. (U) Finally, Chinese military capabilities will gradually grow, as a result of defense modernization on the one hand, and as a function of China's quest for political independence and global influence on the other. An increase in China's strategic nuclear capabilities, a key component of global power, should be expected over the next 20 years. Given the numbers and technical sophistication of systems currently deployed by the two superpowers, China cannot catch up to them by 2000, but even moderate growth could substantially enhance China's global and regional influence.<sup>18</sup>

7. (U) Summary. Figure B-1 summarizes the Study Group's view of China's national objectives as they derive from three broad national interests. All objectives are interrelated and, insofar as possible, mutually supporting.

1. ECONOMIC DEVELOPMENT
  - Improved standard of living
  - Sustained growth
  - Increased national power
2. POLITICAL MATURATION
  - Political stability
  - Systemic reform
  - Consolidation of power
3. INTERNATIONAL STATUS
  - Preservation of independence and territorial integrity
  - Improved national security
  - Increased global influence.

Figure B-1. (U) China's National Interests and Objectives.

## Section III. (U) China's National Security.

8. (U) Concepts of Security. The Chinese conceptual approach to security is a unique amalgam which draws heavily from a number of diverse sources, ranging from the ancient to the modern, and heavily flavored with Mao Zedong Thought. On the theoretical level it consists of fundamental concepts which shape China's security policies in the broadest sense; on the operational level it shapes strategy and doctrine. Several guiding principles are summarized below.

- Self-reliance is always preferable.
- Maintain a balance of power.
- Play off the "barbarians" against each other.
- Mobilize the whole nation.
- Favor the defense over the offense.
- The moral is inherently superior to the material.
- China's inherent strength will ultimately prevail.
- Regime legitimacy is linked to state security.

9. (U) Threat Assessment. In the brief span of 40 years the Communist government of China has fought, at one time or another, with both superpowers and most of the major states on its periphery. In light of Chinese historical experience and the Sinocentric conceptual base upon which security policy is founded, any nation

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capable of striking China, acting alone or in collusion, must be considered a potential threat to China's security.

b. (U) United States. While the PRC desires the active cooperation of the United States in a united front strategy to restrain Soviet expansionism, it takes a cautious view of long-term Sino-US amity. China must consider the possibility that the United States could once again constitute a serious threat to its security, especially if current efforts to establish a long-term relationship fail.<sup>21</sup>

c. (U) Regional States. China's relations with its many neighbors in the south and west range from open hostility to quasi-alliance. Vietnam enjoys the full support of the Soviet Union and, as the most significant military power in Southeast Asia, poses a limited threat to China's southern border. India, another beneficiary of extensive Soviet aid, is the dominant power in South Asia and China's major competitor for status and influence in that region. Afghanistan is now occupied by Soviet troops, while Pakistan is an old and close friend. Nations such as Burma and Nepal actively seek friendly neutrality. In Northeast Asia, China competes with the Soviets for influence in North Korea, but has no direct relations with South Korea. Japan is the economic giant of Asia and could constitute a serious threat to China's security if it ever acquired military capabilities commensurate with its economic power. Finally, Taiwan will likely remain a source of potential conflict, but does not represent a serious threat to the security of the PRC as long as it does not ally itself with a hostile power or develop an independent nuclear capability.

#### 10. (U) Military Capabilities.

a. (U) The military capabilities of the PRC are a direct function of its level of economic development. Production of modern weapons systems requires high technology and a strong industrial base. Since China is lacking in these prerequisites, its present military capabilities are of a relatively low order. They are certainly no match for either superpower and cannot even guarantee success against a determined, well-armed regional opponent such as Vietnam. China also lacks the ability to project significant military power much beyond its own borders.

b. (U) The PRC currently devotes 8 to 10 percent of its GNP to national defense, as compared with about 5 percent in the United States and over 12 percent in the Soviet Union. However, the GNPs of the two superpowers are, respectively, over four and one-half and three times greater than China's.<sup>22</sup> In order to substantially increase defense spending, Beijing intends to raise GNP; devoting a larger share of the GNP to defense has apparently been rejected, at least as a short-term solution.<sup>23</sup>

c. (U) PLA ground forces are divided into main forces and regional forces. The former are controlled from Beijing while the latter are under the control of the

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military region or district in which they are located. Total regular ground forces are estimated at 3.6 million. This force, the world's largest land army, is backed by a massive militia structure, organized into several levels on the basis of equipment and training. The best constitute the armed militia, which numbers between 7 and 10 million.<sup>24</sup>

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11. (U) Strategy and Doctrine.

b. (U) The Chinese describe their current conventional strategy as "people's war under modern conditions." It is a variant of Mao Zedong's classic people's war doctrine, updated to take account of the enhanced capabilities any future invader of China will likely possess. People's war is an inherently defensive, uniquely Chinese strategy which seeks to defeat an enemy by drawing him deep into China and dissipating his strength. The Chinese plan stiff resistance to his advance, to include point defense of key cities, but will attempt to conserve their military strength initially. Supported by China's mobilized peasant millions, combined regular and militia forces will then counterattack and crush the exhausted, overextended invader.<sup>29</sup>

12. (U) Strategic Vulnerability. At the strategic nuclear level the great disparity between opposing capabilities clearly places China in an unfavorable position. Some Chinese military leaders are also dissatisfied with their conventional strategy, since wide expanses of China, including the industrial heartland of Manchuria, would no doubt quickly fall to a determined Soviet invasion. The implications of the present strategy are now being debated, but until China acquires the capability to conduct an effective forward defense, such discussions will be largely academic. China cannot afford to revise strategic doctrine until it has acquired the wherewithal to implement a better alternative. That means either buying or manufacturing the instruments of modern warfare, to include advanced weapons, tactical mobility systems, and improved command control communications.<sup>30</sup>

13. (U) Defense Modernization.

a. (U) In order to provide even minimal levels of effective deterrence and defense, massive modernization is mandatory for all arms of the PLA. National defense is one of the Four Modernizations, but so far has been accorded the lowest priority on China's initial agenda.<sup>31</sup> This probably reflects the severe constraints operating on Chinese military prospects, and not a lack of commitment to correcting China's rather glaring strategic vulnerabilities. With the concurrence of the PLA high command, most of whom hold important party leadership posts as well, China has elected to concentrate first on improving agricultural productivity, establishing a firm industrial base and acquiring modern technology. Only in the context of broad economic development can China hope to carry out defense modernization on the scale presently required. Arms purchases from abroad will only be considered to fill specific, limited requirements, or to acquire foreign technology for indigenous production.<sup>32</sup>

b. (U) China faces serious obstacles in upgrading its military capabilities over the next two decades. The material constraints are particularly daunting. With the superpowers and other industrialized nations spending billions on the various phases of research, development, production and procurement, China must struggle mightily just to keep the present gap from widening. As the means of modern warfare slowly become available, China must also revise its defense doctrine and strategy. It must reorient training and professional development toward success on a far more

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sophisticated battlefield than any the Chinese have known previously.

14. (U) Role of Foreign Policy.

a. (U) 'China's principal international adversary is the Soviet Union. In the early 1970's Mao Zedong and Zhou Enlai determined that the United States, China's chief enemy in the 1950's and 1960's, was a declining threat, while the Soviets, their one-time "close, fraternal allies," had come to represent the greatest menace to Chinese interests. After a period of ambivalence on this point in the early 1970's, the post-Mao leadership further deemphasized ideological differences and opted for a wider relationship with the United States.<sup>33</sup> The establishment of diplomatic relations with the United States solidified this strategic reorientation.

b. (U) The present relationship with the United States is far short of an alliance, and may not develop into one under present circumstances. Nevertheless, a strategic triangle of sorts has emerged, with the United States and China attempting to restrain an opportunistic, expansionist Soviet Union. China's efforts to enlist even greater US participation in a "united front against hegemonism" received a boost with the invasion of Afghanistan. The united front is a Maoist organizational tactic, as useful in international affairs as it is in domestic political struggle. Employing a balance of power approach, China seeks to redress the imbalance between itself and the Soviet Union--"the first enemy"--by aligning with the United States.<sup>34</sup>

c. (U) Appeals for a united front against the Soviets have been issued to many other countries as well, but the response has been mixed. In Asia, many nations fear growing Chinese power almost as much as they do Soviet "social imperialism," although the invasion of Afghanistan and Soviet support for bellicose Vietnam have converted some doubters. Domestic policies are another inhibiting factor; the presence of large numbers of overseas Chinese has caused alarm among ruling ethnic majorities in several countries. Finally, Beijing's once outspoken support for indigenous revolutionary movements has been dropped, but is still a source of latent unease.<sup>35</sup>

e. (U) In areas of the world far beyond its borders China has limited interests and little ability to influence events. It will use whatever resources it can muster when an opportunity arises to thwart Soviet designs, as in the case of support for Pakistan and the Afghan rebels. Low-key aid programs are maintained in a few selected Third World countries, but yield only marginal returns on investment.

f. (U) Turning to functional issues, China views nuclear proliferation as a serious problem. It provides no known assistance to nuclear weapons development programs in other countries, but has so far refused to sign the nonproliferation treaty. Arms control and disarmament are viewed in a similar light. China has pledged no first use of its nuclear weapons and has vocally criticized the two superpowers for failing to make meaningful reductions in their stockpiles. The SALT process has also been denounced as an attempt by the superpowers to establish a monopoly on nuclear weapons. However, China's interests are served by SALT to the extent that the growth of US and

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Soviet capabilities is constrained.<sup>38</sup>

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## APPENDIX B

### ENDNOTES

1. See for example: Ding Chen, "The Economic Development of China," Scientific American, September 1980, pp. 152-165; "'We Learned from Our Suffering': Chinese Tell of the Momentous Changes Sweeping Their Nation," Time, November 10, 1980, pp. 50-57; Fox Butterfield, "The Pragmatists Take China's Helm," New York Times Magazine, December 28, 1980, pp. 22-30.

2. US Central Intelligence Agency, National Foreign Assessment Center, Handbook of Economic Statistics 1980, pp. 10-13, 24.

3. For example, copper, aluminum, nickel and chromite are important industrial minerals not found in large quantity in China. John F. Copper, China's Global Role, p. 39.

4. Kim Woodard, "China's Energy Development in Global Perspective," in China in the Global Community, ed. by James C. Hsiung and Samuel S. Kim, pp. 85-119. See also Woodard, "China's Energy Prospects," Problems of Communism, January-February 1980, pp. 61-67.

5. John F. Copper, China's Global Role, pp. 29-36. For current problems and prospects, see, for example, Fox Butterfield, "China's Liberalized Farm Rules Pay Off for Peasants," The New York Times, November 5, 1980, p. A2, and Michael Weisskopf, "U.N. Report Cites Hunger in China," The Washington Post, March 8, 1981, p. A1.

6. Ding Chen, p. 165. See also John S. Aird, "Population Growth in the People's Republic of China," in US Congress, Joint Economic Committee, Chinese Economy Post-Mao, pp. 474-475.

7. Hua Kuo-feng (Huo Guofeng), "Unite and Strive to Build a Modern, Powerful Socialist Country!" Documents of the First Session of the Fifth National People's Congress of the People's Republic of China, pp. 1-118. The late Premier Zhou Enlai first outlined the modernization program in his address to the Fourth National People's Congress in January 1975. However, it was not fully implemented until the pragmatic post-Mao coalition was firmly in control.

8. John A. Beckett, "Economic Incentives in the People's Republic of China," Asian Affairs: An American Review, July/August 1980, pp. 386-392. See also Ding Chen, p. 164; William L. Parish, "Factory Reorganization Incorporates Incentive Pay," The Christian Science Monitor, March 11, 1980, p. B4; and Takashi Oka, "New Policies for Farming Reap 3 Years of Good Grain," The Christian Science Monitor, March 4, 1981, p. B2.

9. In response to a question from a foreign correspondent, Hu Yaobang, General Secretary of the Communist Party of China said on December 14, 1980, "It is the unanimous view of our Party that the decade between 1966 and 1976 of the so-called cultural revolution was a period of catastrophe. There was nothing correct or positive about those ten years. The whole thing was negative." "Bright Prospects for China's Reforms," Beijing Review, December 22, 1980, p. 11.

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10. Lowell Dittmer, "China in 1980: Modernization and Its Discontents," Asian Survey, January 1981, pp. 36-42; and Parris H. Chang, "Chinese Politics: Deng's Turbulent Quest," Problems of Communism, January-February 1981, pp. 1-21.

11. Ross Terrill, "China Enters the 1980's," Foreign Affairs, Spring 1980, p. 922; see also Hungdah Chiu, "China's New Legal System," Current History, September 1980, pp. 29-32; and Victor C. Falkenheim, "Liberalization and Reform in Chinese Politics," Ibid., pp. 33-36.

12. Dittmer, pp. 36-42, and Chang, pp. 1-21.

13. Prepared statement of Dr. Thomas Fingar in US Congress, House, Committee On Science and Technology, Subcommittees on Science, Research and Technology, and Investigations and Oversight, Technology Transfer to China, p. 29.

14. John K. Fairbank, "China's Foreign Policy in Historical Perspective," Foreign Affairs, April 1969, pp. 456-460.

15. See, for example, Immanuel C.Y. Hsu, The Rise of Modern China, 2d ed., especially p. 792; and A. Doak Barnett, China and the Major Powers in East Asia, pp. 2-3.

16. The Soviet-Vietnamese alliance is a prime contemporary example; Soviet influence in India and North Korea is partially attributable to a desire to counter-balance China's power. Non-Communist nations face the same problem: see Henry Kamm, "It's Hard to Relax in a Dragon's Back Yard," The New York Times, June 29, 1980, p. 4E; and Don Oberdorfer, "Asian 'Dominoes' Close Ranks to Meet Communist Threat," The Washington Post, July 5, 1980, p. 10.

17. Samuel S. Kim, "Chinese Global Policy: An Assessment," in China in the Global Community, pp. 243-246.

18. Bradley Hahn, "Strategic Implications of People's Republic of China Nuclear Weapon and Satellite Rocket Programs," Asian Studies Monograph Series, pp. 76-82; also Gregory Trevorton, "China's Nuclear Forces and the Stability of Soviet-American Deterrence," in "The Future of Strategic Deterrence: Part I," Adelphi Papers No. 160, pp. 38-44.

19. China's common border with the Soviet Union is approximately 4,150 miles. In addition, it shares an additional 2,700 miles of border with Mongolia, a satellite of the Soviet Union. See Copper, p. 17.

20. Interagency Intelligence Memorandum (NI IIM 81-1008), cited in Intelligence Center Pacific (IPAC) Daily Intelligence Summary 077-81 (U) for 21 April 1981. Classified SECRET/NOFORN/WNINTEL. For unclassified estimates see: Asia 1980 Yearbook, p. 42; and John M. Collins, US-Soviet Military Balance, p. 356.

21. In the interests of promoting its "united front against hegemonism" the PRC has refrained from mentioning this possibility, although as late as 1977 an authoritative foreign policy statement held that "the two hegemonist powers, the Soviet Union and the United States, are the common enemies of the people of the world." See "Chairman Mao's Theory of the Differentiation of the Three World's is a Major Contribution to Marxism-Leninism," People's Daily, November 1, 1977. (Republication by Foreign Language Press, Peking, 1977, p. 25). Vice Premier Geng Biao, now the

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Minister of National Defense, has allegedly referred to the United States as the "second enemy of the First World" on more than one occasion.

22. US Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers 1969-1978, pp. 44, 66 and 71. See also US Central Intelligence Agency, Handbook of Economic Statistics, pp. 10-11.

23. US Central Intelligence Agency, National Foreign Assessment Center, Chinese Defense Spending, 1965-79, July 1980, pp. 5-7. In fact, a review of the 1980 PRC national budget by Minister of Finance Wang Bingqian during the 3d Session, Fifth National People's Congress disclosed that "expenditure on national defense and preparations against war accounts for 19,330 million yuan, 2,940 million yuan less than the previous year." Foreign Broadcast Information Service (FBIS), PRC Daily Report, September 2, 1980, p. L22.

24. Data on Chinese military capabilities is drawn from numerous sources, but primarily from the following: The Military Balance 1980-1981, pp. 61-64; Ray Bonds, ed., The Chinese War Machine, and Leo Yueh-yun Liu, "The Modernization of the Chinese Military," Current History, September 1980, pp. 9-13, 38-40.

25. US Central Intelligence Agency. Net Foreign Assessment Center, Defense Modernization in China (U), October 1980, pp. 2-3. Classification: SECRET/NOFORN/ WNINTEL.

26. US Defense Intelligence Agency, Defense Intelligence Estimate: PRC Defense Modernization in the 1980's (U). DDE-2200-95-81, March 1981, pp. 11-14, classified SECRET/NOFORN/ WNINTEL; and US Central Intelligence Agency, Net Foreign Assessment Center, China's Defense Strategy and Force Posture (U), September 1978, pp. 6-7, classified SECRET/NOFORN/ WNINTEL.

27. DIA, PRC Defense Modernization in the 1980's (U), pp. 15-16.

28. Ibid., pp. 15-19, and US Defense Intelligence Agency, China: Nuclear Missile Strategy, DIA APPR 34-81, March 13, 1981, pp. 1-5. Classification: SECRET/NOFORN/ WNINTEL. Also Jonathan D. Pollack, "China as a Nuclear Power," in Asia's Nuclear Future, ed. by William H. Overholt, pp. 35-65; and Mark Wade, "The Chinese Ballistic Missile Program," International Defense Review, No. 8/1980, pp. 1190-1192.

29. Hsu Hsiang-chien (Xu Xiangqian), "Heighten Vigilance, Be Ready to Fight," Joint Publications Research Service (JPRS), Translations from Red Flag, No. 8, August 1, 1978, pp. 58-71, especially pp. 65-67. See also Stanley E. Henning, "Chinese Defense Strategy: A Historical Approach," Military Review, May 1979, pp. 60-67. For a detailed classified analysis see US Defense Intelligence Agency, Luring Deep: China's Land Defense Strategy (U), September 1980, classified SECRET/NOFORN/ WNINTEL.

30. See, for example, William T. Tow, "Chinese Strategic Thought: Evolution Toward Reality," Asian Affairs: An American Review, March/April 1980, pp. 248-269. Some observers feel that Chinese military modernization cannot proceed until strategy and doctrine have first been modernized. See, for example, Francis J. Romance, "Modernization of China's Armed Forces," Asian Survey, March 1980, pp. 298-310.

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31. Hsu Hsiang-chien, pp. 68 and 70. The relative priority of defense modernization had been established at least by 1977, with the republication of Mao's essay "On the Ten Major Relationships," see "Lecture on Importance of Strengthening National Defense," FBIS-CHI, February 7, 1977, pp. E5-E9; also People's Daily Joint Editorial on August 1, 1977, in FBIS-CHI, August 1, 1977, p. E15.

32. Drew Middleton, "Chinese Appear Wary in Buying Arms from the West," The New York Times, February 16, 1981, p. A8. See also "U.S. Arms Expert Begins Talks With Chinese on Modernizing Army," The New York Times, September 9, 1980, p. A6. The range of defense modernization issues is analyzed in detail in the two recent classified publications identified in endnotes 25 and 26: CIA, Defense Modernization in China (U), and DIA, PRC Defense Modernization in the 1980's (U).

33. Robert G. Sutter, China-Watch: Toward Sino-American Reconciliation, pp. 110-117. For Deng Xiaoping's views see "A Talk With China's Most Powerful Man," The Christian Science Monitor, December 3, 1980, pp. B1-B4.

34. Kim, pp. 243-246, and William R. Heaton, Jr., A United Front Against Hegemonism: Chinese Foreign Policy Into the 1980's, Monograph Series No. 80-3, March 1980, pp. 36-38.

35. See, for example, "Deng's Anti-Russian Alliance Proposal," The Straits Times (Singapore), January 10, 1980, p. 1; Henry Kamm, "China Plays Down Support of Asian Rebels," The New York Times, February 2, 1981, p. A3; and Frederic A. Moritz, "Burma Suspicious of Chinese Support for Communist Guerrillas," The Christian Science Monitor, February 26, 1981, p. 7.

36. Soviet President Brezhnev made clear his opposition in late December 1978, when he wrote letters to Italy, Britain, France and West Germany "warning of unspecified 'consequences' if they sold weapons to China." Samuel Koo, "Soviets Attempting to Scuttle Chinese Efforts to Buy Arms," Monterey (Calif.) Peninsula Herald, February 10, 1979, p. A1; see also "Teng's Great Leap Outward," Time, February 5, 1979, p. 26.

37. Henry Scott Stokes, "Japanese Reassess China Plans," The New York Times, February 16, 1981, p. D1; David Fouquet, "'Great Leap' Envisioned by Europe in China Trade More Like a Baby Step," The Christian Science Monitor, March 18, 1981, p. 11; and James P. Sterba, "China Attacks U.S. on Dutch-Taiwan Deal," The New York Times, January 19, 1981, p. A14. See also Item 7, IPAC Daily Intelligence Summary 055-81 (U) for 20 March 1981. Classified CONFIDENTIAL.

38. Yan Fa, "On Disarmament," JPRS, Translations from Red Flag, No. 11, June 1, 1980, pp. 79-84; and William V. Garner, "SALT II: China's Advice and Dissent," Asian Survey, December 1979, pp. 1226-1240.

39. "China in Turmoil - Meaning for U.S.," U.S. News and World Report, February 9, 1981, pp. 31-33; statement by Ross Terrill in US Congress, House, Subcommittee on Asian and Pacific Affairs, Committee on Foreign Affairs, The United States and the People's Republic of China: Issues for the 1980's, p. 156; and interview with Hua Di, PLA rocket engineer and Visiting Fellow with the Northeast Asia-US Forum, Stanford University, on March 11, 1981. See also AMEMBASSY BEIJING Msg 070421Z Jan 81, Subject: China Essays No. 9: The Evolving Chinese World View (U), classified CONFIDENTIAL.

40. US Department of State, Office of Munitions Control, Munitions Control Newsletter, No. 81, March 1980.

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41. William D. Montalbano, "U.S. Will Sell Arms to China," The Philadelphia Enquirer, June 17, 1981, p. 1-A, and Karen Elliott House, "U.S. Agrees to Sell Arms to China as Hail Ends Discussions in Peking," The Asian Wall Street Journal, June 18, 1981, p. 1.

42. Munitions Control Newsletter, No. 81.

43. House, p. 1.

44. It is a serious matter from China's perspective as well. See USDAO BEIJING Msg 271231Z Mar 81, Subject: US-China Security Relations (U). Classified SECRET.

45. Michel Oksenberg, "China Policy for the 1980's," Foreign Affairs, Winter 1980/81, p. 306.

46. Michael Weisskopf, "China Calls for Talks With Soviets," The Washington Post, June 18, 1981, p. A1.

47. Oksenberg, p. 306.

48. USDAO BEIJING Msg 271231Z Mar 81.

49. Upon his departure for the United States in May 1980, Vice Premier Geng Biao (now Minister of National Defense as well) stated that "China is willing to buy what she needs but will not force the US Government to do what it did not want to do." FBIS, PRC Daily Report, May 27, 1980, p. B1. This public attitude has continued to prevail. See USDAO BEIJING Msg 310833Z Dec 80, Subj: MND General Speaks to Strategic Issues (U). CONF/NOFORN.

50. For example, during Defense Secretary Brown's trip to China in January 1980, an official XINHUA press release in English translated Deng Xiaoping's call "to unite" (lianheqilai) in the face of Soviet aggression as "to enter into an alliance." When the release generated immediate inquiries from the foreign press corps, it was promptly withdrawn and a "corrected" text released. FBIS, PRC-Daily Report, January 8, 1980, p. B1; January 9, 1980, p. B1; and January 10, 1980, p. B5. See also USDAO BEIJING Msg 310833Z Dec 80, Subj: MND General Speaks to Strategic Issues (U).

51. FBIS, PRC-Daily Report, May 29, 1980, p. B1.

52. See the official trip report, p. 13.

53. "Friendly Relations, But No U.S. Alliance With Peking," U.S. News and World Report, February 9, 1981, p. 34.

54. Valuable first-hand insights into this question are offered in USDAO BEIJING Msg 271231Z Mar 81, Subj: US-China Security Relations (U) and DAMO-SSM, Memorandum for Record, Subj: Defense Attache (DATT) Beijing Meeting with Joint Staff and Service AO's (U), dated 8 April 1981. SECRET.

55. The US press has frequently reported estimates that \$41 to \$63 billion dollars would be needed to modernize the PLA.

56. The ageless wit and wisdom of China are evident in the infinite variety of its popular sayings. One observes that "if stolen spring water is good, you can drink a lot of it."

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## APPENDIX C

### CHINA'S DOMESTIC ENVIRONMENT AND US-CHINA SECURITY RELATIONS (U)

#### Section I. (U) The Contemporary Scene.

##### 1. (U) Political Values.

a. (U) The Great Proletarian Cultural Revolution (GPCR) which began in 1966 enabled many Chinese to express dissatisfactions they had long suppressed. Ten years later at its end it was also quite clear that the movement had produced a host of new tensions, all of which contributed to further social conflicts. It is important to understand that the issues of the GPCR transcended problems of resource allocation and priorities: they involved questions concerning the nature of Marxism and the role of the state. The GPCR was among other things a debate of basic political values. It did not unfold within the context of accepted rules of the game. Rather it reflected disagreement over what those rules should be.

b. (U) Since the death of Mao and the arrest of the Gang of Four in late 1976, a leadership has evolved that is generally committed to restoring some degree of "normalcy." The problem, however, is that the political and social forces that emerged in the period 1966-76 continue to press for a definition of normalcy that reflects divergent values. Thus Deng Xiaoping and the "pragmatists" conflict with Hua Guofeng and "Maoist" remnants, who in turn conflict with Chen Yun and the "Petroleum Faction." The pragmatists advocate decentralization, material incentives, and separation of party from government while the Maoists hope to maintain centralization, the unity of party and government, and greater egalitarianism in distributing goods and services. The petroleum faction falls in between but emphasizes technical expertise.<sup>1</sup> While personal ambition, career considerations and the like certainly influence individual loyalties, it is also important to understand that different ideological views undergird specific policy preferences and that ideology is and is likely to remain an important force in Chinese politics.

c. (U) The debate over "de-Maoification" is only the most obvious example of this situation. To revise the place of Mao in Chinese history is to raise serious questions about the proper role of the People's Liberation Army (PLA) and the Chinese Communist Party (CCP). It is to cast doubt upon the ideological basis for a significant period of recent Chinese history and therefore cuts to the very basis of Chinese society.

d. (U) While most observers generally agree that supporters of the so-called pragmatic faction led by Deng Xiaoping tend to dominate the political landscape, they also agree that significant failure of any important element of the Deng program will again render him vulnerable to the kind of ideological attacks he suffered in 1976.<sup>2</sup> This illustrates the saliency of ideology in China today and motivates outside observers to conclude that the lack of ideological or value consensus could have an important impact on US-China relations generally and on the security dimension of the relationship in particular.

##### 2. (U) Citizen Expectations.

a. (U) A second consequence of the GPCR that grows out of the first and could also have important consequences for US-China relations is that the period



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1966-76 engendered a marked increase in the level of citizen political and economic expectations. During the Cultural Revolution regular channels of party, government, and even for a time PLA authority were circumvented as Red Guard groups and their supporters sought to achieve their goals. An important result of the temporary eclipse of social institutions was that many Chinese, especially young people in urban areas, gained a new sense of their ability to achieve goals by independent political action.<sup>3</sup> The brief existence of Democracy Wall, reports of sabotage, strikes, demonstrations and the like all support the assertion that, generally speaking, the experience of the Cultural Revolution has made the Chinese less likely than before to accept policy judgments they perceive to adversely affect their interests; furthermore they are more likely, despite government control efforts, to engage in direct political action to achieve their desires.

b. (U) Indeed, it can be argued that much of Deng's present support is derived from the pragmatists' ability to respond to citizen demand in positive ways. For example, 1979 saw across-the-board wage increases in China's factories. Later the price of rice and other basic foodstuffs paid to the peasant was increased. Later still, urban dwellers received a monthly wage-income supplement to cover the rise in the cost of living. Simultaneously with the rise in income, industrial production began to emphasize consumer goods. All of these measures raised mass economic expectations and also helped to produce a greater sense of political efficacy among the Chinese people. The current leadership must now continue to fulfill these expectations or at least prevent a net decline in living standards if it is to retain citizen support.<sup>4</sup> Failure to do so will again raise the spectre of vulnerability, which when tied to ideological problems, could have very serious consequences for US-China relations.

### 3. (U) Institutional Change.

a. (U) China today is also characterized by an institutional fragility that is in part a result of the Cultural Revolution but which is perhaps more the product of pressures for institutional change that have emerged since 1977. Between 1966 and 1970 CCP membership increased from approximately 17 million to 35 million. (Present membership is about 38 million.) Most of the new members entered as a result of having established good records as activist Red Guards. Concomitant with CCP membership is improved social status and generally wider opportunity. The current leadership has been troubled by the tendency of the new members, who after all owe their improved positions to the policies of Mao, to oppose the pragmatic program. This has produced considerable internal party strain. Tension has been exacerbated as the CCP has tried to identify those who "entered by the back door" during the Cultural Revolution and remove them. Although the process of cleansing the middle and upper ranks has been judged basically complete since the summer of 1980, the consequences of party house-cleaning have resulted in lowered morale among the party rank and file.<sup>5</sup>

b. (U) Confidence has also been shaken by efforts to separate party from government. Prior to the GPCR party decisions were synonymous with government policy. But new directives and resignations (including Deng's as Senior Vice Premier of the State [government] Council) signaled a different relationship. The leadership has yet to offer an unambiguous clarification of the interface between the government and party bureaucracies with the result that bureaucrats tend to be hesitant about making decisions.<sup>6</sup>

c. (U) Since 1977 the power to make basic management, fiscal, investment and contractual decisions, including those with foreign concerns, has devolved more

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than ever before to the provinces and even to local government organs and industrial enterprises. Such policies fly in the face of previous modes. The result has been a perceived bureaucratic lag as local and provincial officials first hesitated to use their new powers and then used them in ways that some central leaders felt to be excessive. The present leadership continues to try to articulate an acceptable formulation but, in the meantime, tensions remain.

d. (U) Nor has the People's Liberation Army been immune from similar pressures. For historical and ideological reasons the PLA has traditionally been regarded as the final repository of true Chinese Communist values. Competition to join the ranks was keen; acceptance guaranteed not only high prestige but useful training and a bright future. In 1967, however, the PLA intervened in the Cultural Revolution to bring order to a chaotic situation. In doing so the PLA alienated large numbers of previously admiring Red Guards who were now on the opposite side. Nevertheless, PLA prestige increased as its officers came to dominate central and provincial decision-making councils. Decline began in 1971 when Lin Biao became implicated in a coup attempt and was accelerated as his supporters were slowly but inexorably purged. PLA leaders are said to resent the decrease in the standing of the armed forces.

e. (U) Worries about institutional power are further reinforced by ideological concerns. Since 1934-35, the army has been very closely identified with Mao. Older PLA leaders therefore are extremely wary of attempts to reinterpret or revise his role in Chinese history. Apparently there is real concern that China may slip its ideological moorings and this feeling prevents full PLA support for the present leadership.

f. (U) A final source of institutional fragility is seen in a current move towards reductions in forces in the PLA, and a new emphasis on youth and technical expertise at the expense of experience and political reliability. The present leadership seems committed to the principle that a successful modernization program requires innovative talent, technical proficiency, and reward in proportion to achievement. Such practices contradict an important element of China's ancient cultural tradition as well as previously established practice. Accordingly, the PLA leadership has encountered considerable difficulty in organizing itself for implementing the new personnel policies. It has also encountered not a little resistance from older officers and noncommissioned officers, as well as more recent recruits whose peasant origins denied them opportunity to acquire the levels of education now deemed essential. Therefore, the army, which would bear major responsibility as US-Chinese security relations continue to evolve, is subject to the same fragility as are institutions of party and government.<sup>8</sup> It seems clear that the present state of China's most important institutions could have direct impact upon the course of PRC relations with the United States, and especially upon the security dimension of the relationship.

#### 4. (U) Competition for Limited Resources.

a. (U) In the last six months the PRC has announced a reduction in the national budget. The defense budget has not been spared. Contractual commitments with Japan and other countries have been cancelled and the leadership admits to an inflation rate of 5 to 7 percent. These actions reveal that China's economic base is weaker than anyone had realized and that modernization priorities are once again being reassessed. A close review of China's economic scene lies beyond the scope of the present study. Nonetheless, even the outline presented here suggests that China lacks the economic and technical resources to support the modernization program even as

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revised in 1979-80.<sup>9</sup>

b. (U) China's leaders are thus forced, at a time of social change, to utilize a burdened and evolving institutional matrix to allocate a resource base that may well be insufficient to support even the relatively limited modernization goals now projected. Any "mistake" in Deng Xiaoping's political calculus could well spark a series of reactions based upon value preferences, unfulfilled expectations, and inadequate institutional support that would cause severe stress and which might well result in the reduction in the power of the groups who from the US point of view would best respond to US interests.

## Section II. (U) China's Domestic Scene and the Chinese Perception of the Relationship with the United States.

### 5. (U) Defining the Relationship.

a. (U) The factors analyzed above should not be viewed as determinants of Chinese actions. Nor should they be utilized in support of efforts to denigrate the worth of US-China security cooperation. Rather there are certain aspects of China's domestic scene that seriously constrain and limit Chinese options. The factors noted above influence China's leaders to define their relationship with the United States in a particular way and to articulate a particular strategy for achieving their goals.

b. (U) The relationship between the United States and the People's Republic of China has always had a security dimension. Strategic considerations in part prompted Henry Kissinger's first visit to Beijing in July 1971 and the search for global equilibrium has been a durable feature of joint discussions ever since.<sup>10</sup> Since normalization, events indicate that, despite opposition, and with some reservation, the present Chinese leadership had made a political decision to enter into some sort of security relationship with the United States. In this rather limited sense, the question of security relations with the United States is not presently a real issue for political debate, although it could become so.

c. (U) In any case, political, social and economic factors, of the type noted above, as well as longer range strategic perceptions combine to influence China's leaders to define the relationship with the United States in the broadest possible terms. The Chinese see relations with the United States as having economic, cultural, technical, and educational dimensions as well as a security dimension. Indeed, considering the relatively low priority assigned to defense modernization, it can be argued that the Chinese in one sense feel that the overtly security-oriented dimension--although special--is of lesser importance than the others at this time.

6. (U) The Security Dimension. Beijing seems to be most concerned with the growing gap between the Soviet military threat and China's ability to respond appropriately. Accordingly, China seeks in the short term to prevent the gap from widening or at least to reduce the rate of growth. The Chinese hope to accomplish this by a series of short-term measures designed to increase the effectiveness of resources and assets already on hand. Thus, attention is presently focused on Option levels 1 and 2 of the matrix. But China's current leaders also seek to close the gap in the long term by expanding indigenous Chinese capacity to produce quality weapons and defense-related materials in sufficient quantity to meet perceived needs.<sup>11</sup> This is precisely the interface between the security dimension of the US relationship with China and its economic, cultural, and technical dimensions. China needs economic and technical assistance if it is to develop its military capabilities in ways considered to be most

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useful to China, and, from the Chinese point of view, most useful to the United States. The danger is that the United States could seek to move to Option 3 or even 4 before China is ready to do so and thereby increase the political and economic burdens of the regime.

## Section III. (U) The Impact of Domestic Politics on Sino-US Security Cooperation.

### 7. (U) Limitations on Relations.

a. (U) On both sides domestic political and economic factors generally slow the rate of evolution of Sino-American relations. If the problem is difficult in the United States, it is even more difficult in China where the stakes are much higher.

b. (U) If domestic factors slow the pace of evolution, they also increase the ambiguity of Chinese intentions, produce redefined priorities which lead to changes of course, apparently in mid-stream, and contribute to the numerous inefficiencies that plague China's modernization plan. The low morale, poor understanding, and limited technical competence of a significant proportion of government and party bureaucrats make for poor and indifferent performance. Such obstacles in turn raise serious doubts about China's ability to absorb higher levels of technology.

c. (U) More important, domestic factors also constrain the ability of the United States to predict, much less control, the outcome of particular policy initiatives. It should not be assumed that all US initiatives will necessarily support the position of China's pragmatists for, as will be argued below, such initiatives will have to be implemented in an environment that is fraught with disagreement. Suffice it to say for now that US initiatives could well exacerbate the numerous faction tendencies that characterize contemporary Chinese society and ultimately work to the disadvantage of the United States by encouraging the rise of individuals who are less than friendly.

8. (U) Low Priority of Security Relations. Finally, domestic political sensitivities and economic constraints will probably ensure that until the position of the pragmatists is firmly consolidated and until the economic outlook improves, China's leaders will continue to emphasize the broader aspects of the total relationship rather than its more explicitly security-oriented dimension. "People's War Under Modern Conditions" is a broad concept that masks numerous and deeply-held divisions that prevent development of an operational consensus. It is imperative that US decisionmakers understand the differences between the groups that unite under this general rubric if they are to deal with China to the best effect.

## Section IV. (U) The Impact of Closer Security Relations on Chinese Politics and Society.

### 9. (U) Stability and Instability.

a. (U) It is extremely difficult to separate the impact of closer security relations on Chinese politics and society from the impact of the total relationship with its several different dimensions. Present levels of economic, cultural, technical, and security relations have caused problems for their pragmatist supporters. Considerable political maneuvering was required to begin even the modest programs presently in place and factional conflict continues to exist. However, given the current

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position of the pragmatic group, it is reasonable to assert that security cooperation through Option 2 could be achieved without untoward impact on the political/social systems.

b. (U) Indeed, 'all else being equal, and assuming firm consolidation of pragmatist control, increased assistance on a broad spectrum of defense, economic, technical, and educational problems would probably help the regime to consolidate its control even more. China's upwardly mobile urban population would benefit most from such programs and the already significant gap between urban, suburban, and rural areas would probably increase. While this would cause some additional social frictions, the regime could probably manage them without excessive difficulty.

10. (U) Risks of High Level Security Cooperation. With respect to security cooperation defined more narrowly the issue is less clear. If the analysis of China's current political/social/economic scene presented above is accurate, at level 3 cooperation pressure to divert major amounts of resources to the defense sector would require a reversal of the present policy of reduced defense expenditures. This would pose a considerable political burden for Deng and the pragmatists. More important, given China's economic problems, the inevitable corresponding reductions in other sectors would probably cause widespread social discontent which would be utilized by Deng's opponents as ammunition for new and more strident attacks. Any attempt to increase security cooperation beyond present levels at this time might produce the additional instability about which Deng is so concerned. The situation with respect to the PLA is similar in principle. To move to cooperation even at Option 3 of the matrix, much less 4, will require new doctrine and new skills, the implementation of which by definition will produce a "different" army. If such moves are made at the present time, they will be resisted by large segments of all ranks of the PLA. This resistance will probably also heighten political instability and thereby pose additional problems for that segment of the leadership whose views are most in accord with US interests.

11. (U) Reflections on China and the United States. It has been argued that China's domestic political, social, and economic environment acutely influence the pace, not only of security relations, but of economic, technical, and cultural relations as well. This means that within acceptable limits, the United States must in a sense march to the beat of China's drum if it is to assist in developing a stable, strong, and modern partner that will assist it to fulfill its interests. The peculiar characteristics of China's present conditions make it difficult to predict or influence the outcome of any initiative. Accordingly, the United States must be very sensitive to these conditions so that initiatives can be timed and presented to best effect. Similarly, as the United States continues to structure its relationship with China it may have to confront the real possibility that in the shorter term, to emphasize the security dimension ultimately works to its disadvantage.

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or the use of Chinese military facilities; supporting the current, pragmatic leaders of China; and improving US access to scarce natural resources. Through the security aspect of ties with the United States, China has the objectives of cementing the alignment with the United States against the Soviet Union; supporting the modernization of the PLA through the technical assistance, equipment, and technology; and attaining greater international legitimacy.

Expanded security ties with China probably would strengthen the position of traditionalists, who generally advocate confrontational positions vis-a-vis the United States, and weaken the pragmatists (who are more likely to defend cooperation with the United States where possible) in the decisionmaking process of the Soviet Union. Such a development would not support most US interests. US-China security relations which involved the transfer of offensive weapons to the PLA might lead to strains in United States relations with Japan, which could believe that the focus of US policy in Asia had been shifted from Japan to China. Higher levels of security cooperation, especially if China develops a power projection capability, would also be viewed with apprehension by most of China's neighbors with the exception of Pakistan. India, Vietnam, and, to a lesser extent, Indonesia and Malaysia, would consider such a development highly threatening. An expanding program of security cooperation between the two nations will keep the Taiwan issue alive, and probably complicate US-Soviet negotiations over arms control.

There are compelling advantages for the United States in expanding security cooperation with China as long as offensive weapons sales are excluded. There are relatively few risks to US interests and objectives in such a program, and relatively serious risks if offensive weapons are incorporated.

Therefore, the United States should pursue a program of expanded security cooperation with China which follows three principles: the overall relationship with China should be allowed to develop on its own merits, and not be used solely as a lever against the Soviet Union; security cooperation should not become the leading element of US-China relations; and arms sales and weapons technology should not become the driving feature of US-China security cooperation.

Specifically, it is recommended that the United States should approve the sale of clearly defensive weapons and technology after consultation with allies and friends in Asia. Other security cooperation activities which do not imply the use of offensive weapons should be implemented.

There are a number of implications for the US Army devolving from US-China security cooperation. Among others, they are that the Army should assume the leading role among the services, that there will be a growing need for more Chinese language/area personnel, and that US Army Western Command and perhaps other major Army commands in Asia and the Pacific may have to be reorganized.

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## APPENDIX C

### ENDNOTES

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